

High inflation forces new spending cap

Instant pay-off for four vessels in £600m cuts

By MICHAEL EVANS, DEFENCE CORRESPONDENT

AT LEAST four of the Royal Navy's oldest frigates and diesel-powered submarines are expected to be paid off immediately to save £600 million in this financial year.

With eight months left to find the savings, forced on the defence ministry because of higher-than-expected inflation, the scrapping of old warships and a cap on all recruiting are expected to be announced next Wednesday.

Tom King, the defence secretary, had originally planned to announce the package of cuts at the same time as his statement to the Commons on the "options for change" review this week, but it was felt that might cause confusion with MPs thinking the proposed "options for change" cuts were already being implemented.

In fact, the two announcements are closely linked in content, even though next week's package has been driven by financial necessity and not by long-term strategic thinking.

With Mr King's proposal to cut the navy's frigate and destroyer force from 48 to 40 over the next five years, next week's announcement of early pay-offs for some of the oldest and least capable warships fits into the overall strategy and also meets Treasury demands to balance the books this year.

The defence ministry has been trying for months to draw up a list of cuts to meet the savings target. Earlier in the year, it had been thought that the necessary savings would amount to about £350 million, but it soon became evident that the strain on the budget was far worse. Apart from higher inflation, the defence ministry had to pay a number of big bills that could not be postponed.

Some ministry sources still insist that even the £600 million figure is too low and that the real figure is closer to £1 billion. But Mr King's package next week is expected to address the lower figure. This year's budget is £21.2 billion.

The oldest warships in the fleet are the Leander class

frigates, HMS Minerva, Danae and Penelope, which were all built between 1963 and 1967. But the decision on which frigates to scrap will depend on how much the equipment on board has been updated. Three Leander class frigates have been paid off in recent years, HMS Arethusa, Achilles (built in 1970) and Euryalus.

Leander is the biggest class of frigate to be built for the Royal Navy since the second world war. It was designed for a general purpose role as well as its main anti-submarine capabilities. There are now 13 in service, 12 fitted with Exocet surface-to-surface missiles and anti-submarine torpedos and five with the Sea Wolf close-range anti-aircraft missile system. HMS Ariadne, built in the early Seventies, has the old Seaquest missile system. The Leanders have a crew complement of between 230 and 260, compared with the latest Type 23 frigate which needs only 146 because equipment is computerised.

The most vulnerable submarines would be the diesel-powered Oberon class boats, HMS Otter, Ocelot, Otus, Opposum and Onyx. Four of the Oberon class boats have been modernised; one, the Olympus, was sold to Canada, and four are being built at Vickers yards at Barrow-in-Furness and Birkenhead. The Oberon class submarines, which began coming into service in the early Sixties, are armed with torpedos and have



King to announce further package of cuts

a crew complement of 65. Navy sources said the scrapping of selected warships and submarines would save a considerable amount of money because of their high running costs. The crews will be told of their ships' fate and be given other jobs. No one will be made redundant because the navy is already under strain. Under the manpower cuts announced by Mr King last Wednesday, the navy has to reduce its strength by only 3,000 over five years.

The RAF has taken some of the burden for the savings needed this year with the cancellation of a batch of 33 Tornados. That will save only £60 million this year so the air force is also expected to face a cutback in recruiting, even though it is more than 8 per cent under strength, and a reduction in fuel allowance for training.

The army's recruiting will be capped from a planned 20,000 for this year to 16,000. That is expected to save about £10 million.

Other parts of the £600 million package are expected to include savings on refurbishing barracks both in West Germany and in the United Kingdom, and a delay in building projects and certain procurement programmes.

● The army has cut out "non-essential training" for soldiers using the standard submachinegun because of a shortage of 9mm ammunition. Training had been suspended until new supplies arrived, probably at the end of summer, the defence ministry said. The shortage was caused when a batch of ammunition had to be withdrawn because it had reached the end of its "shelf life". Because of its age, the ammunition's muzzle velocity was affected. "Its trajectory was not as flat as it should be," one source said.

The submachinegun is gradually being phased out in favour of the SA80 rifle. But the SA80 is entering service more slowly than expected because of teething problems and, as a result, there are more submachineguns in use than had been planned.

"All essential training on the submachinegun, including training for Northern Ireland, armed guards and the annual mandatory training for Territorial Army and regular soldiers, has gone on unimpeded, using good ammunition," the ministry said.

US close to recession

By OUR CITY STAFF

THE American economy is close to a recession with GNP growth in the second quarter at only 1.2 per cent, according to figures released yesterday by the commerce department. Economists were expecting a 1.8 per cent increase and the disappointing news comes after a downward revision in first-quarter growth from 1.9 per cent to 1.7 per cent.

The figures sent the dollar down to a 2½-year closing low against the mark in Europe at DM1.6155. The pound closed against the dollar 2.15 cents up at \$1.8335.

Details, page 36

Home on the range for women in the East

From ANNE McELVOY IN EAST BERLIN

FREE elections in Eastern Europe may have swept away the cobwebs of communism, but a woman's place from East Berlin to Bucharest is back in the home. If Engels' thesis, that one can judge the justness of a society by the role it assigns to women, is correct feminists should be clamouring for a return to dictatorship.

The number of women represented in the parliaments of Eastern Europe has fallen sharply now that the quotas imposed by the old regimes have been removed, according to a report published this week by the Geneva-based Inter-Parliamentary Union (IPU).

Only 13.6 per cent of seats in European parliaments are held by women as opposed to 19 per cent in 1988. In the East German Volks-

kammer the percentage of female MPs fell from 32 per cent to 20.5 in the March elections.

This still compares favourably with the West German Bundestag however, where only 15 per cent of the deputies are women. It ranks as a feminist utopia compared with Britain where the figure is a mere 6.6. The worldwide average is double this figure.

Both the East and West German parliaments have female speakers although no woman has ever made it to the head of a political party. In the old East German politburo, the only woman allowed to challenge the then leader Erich Honecker was his fierce wife and education minister Margot Honecker.

The steepest fall recorded in this year's plethora of Eastern European

elections was in Romania, where only 3.5 per cent of the new parliament is female, compared with 34 per cent under the communists. In Bulgaria and Czechoslovakia, the proportion also dropped to single figures.

Women who want the opportunity of parliamentary activity can choose between liberal Scandinavia and the unreconstructed bastions of marxism-leninism Albania where more than 28 per cent of the parliament is female although it is not recorded how often they get to speak. In Cuba the proportion is more than a third. Sweden, Norway, Finland and Denmark score well with a third of their parliamentary seats occupied by women.

East Germany which boasts liberal legislation on abortion as well as generous crèche and kindergarten

provisions to induce women to work is likely to adopt the more conservative stance of the Federal Republic, especially if the joint German elections in December result in the expected Christian Democrat win.

Women in the GDR still boast of being more liberated than their sisters across the disappearing border, although a spokeswoman for the Independent Women's Association in East Berlin admitted that their equality was more convincing on paper than in daily life. "It seems absurd to complain that the number of women in the parliament has fallen," said Inge Klinkmann. "Their only contribution to women's liberation under Honecker was to present him with flowers at the beginning of the sitting and then vote with the men who really ran things."

Saturday Review

The case of the serious beauty



Michelle Pfeiffer holds the minority view that she is not beautiful. She talks about that, and the related perils of trying to be a serious actress in Hollywood

Child's play in the capital

Summer London for children. The best places to visit, what they cost and how to get the best from them

Mountain death, mountain glory

Ronald Faux on the magical attractions of the mountain where 500 have perished but none have been daunted

WEEKEND LIVING

Moving water artfully...

Tass Bell is selling a cool idea: decorated fountains for indoors and out

Blast of the summer swine

Alice the sow is not the only animal on Paul Heiney's farm getting hot, bothered and generally fractious

SPORT

Use and abuse of the horse



With the world equestrian games under way, David Miller reveals the extent of cruelty to horses in the sport, all in the cause of making them jump higher.

WEEKEND MONEY

What divorce really costs

Divorce costs far more than most people realise and splitting family finances in two is a risky process, but making fathers more accountable could help

Future trusts

Europe and the Far East are all the rage for unit trust investors, but which will be the main centres ten years hence?

Crossword prizes

Each Saturday, the first five correct solutions to The Times crossword earns a Parker Duofold pen worth £125

INDEX

Arts	23
Births, marriages, deaths	15
Business	36-39
Count & Social	14
Crosswords	15-26
Weekend Money	46-52
Leading articles	13
Letters	13
Obituary	14
Sport	27-33
TV & Radio	24, 25
Weather	26

Because of increased newsprint costs, the cover price of The Times rises to 35p on Monday, the first increase since February 1988.



Under pressure: Graham Gooch showing the strain during his record-breaking innings

Gooch gets 333 as records tumble

THE record books were rewritten at Lord's and in Swansea yesterday. In the Test match against India, Graham Gooch became only the 11th man to score a Test triple century. At the age of 37, greatness has finally crept up on him.

Gooch's 333 was the sixth-highest Test match score, only 32 runs short of Sir Garfield Sobers's record. There has not been a higher individual score at Lord's, for the Indians, it was the ultimate price to pay for their captain's aberration on Thursday of asking England to bat. England's 653 for four was, by one run, the largest total in a Test between the two countries.

Sir Leonard Hutton, who holds the England record of 364, made against Australia at the Oval in 1938, was at Lord's to see Gooch's effort of concentration, which ended when he was bowled by Prabhakar. Gooch's wife, Brenda, who turned on the television at home hoping to see him complete his 300, found that the BBC had switched to racing at Ascot. She was out shopping and missed television pictures as he was later cheered off the field.

At Swansea, Tom Moody, the 6ft 6½in Western Australian who plays for Warwickshire, scored the game's fastest century when he reached three figures in only 26 minutes against Glamorgan. This was nine minutes faster than the previous record shared by Percy Fender, of Surrey and Steve O'Shaughnessy of Lancashire. Moody's runs came from 36 balls on the ground where Sobers hit six sixes in an over in 1968.

Report, page 27

Experts to check state of prisons

By QUENTIN COWDY

THE government is expected to come under renewed pressure to introduce legally enforceable minimum standards in jails after spot checks on detention conditions to be conducted by international human rights experts.

Over the next fortnight the team, which arrives tomorrow, will inspect a number of prisons, police stations and psychiatric hospitals to see whether conditions comply with a Council of Europe convention which prohibits prisoners from being tortured or being subjected to degrading treatment. The government, one of 19 signatories to the agreement, has not been told the team's schedule.

The Home Office said yesterday it was "not concerned" about the move but penal reformers said it could only add to the pressures building on ministers to sanction further penal reform. The team's report will be confidential but the Strasbourg-based committee, which oversees the convention's work, is likely to press ministers to accept a firm time-table to introduce changes.

Two or three countries have already been visited by the inspectors and Austria, Denmark, Malta and Spain are due to see them later this year. The inspectors are certain to be disappointed by the high level of overcrowding in many British jails, poor conditions in jail hospitals and the apparently large number of mentally disordered inmates.

Government braced, page 2

Opec oil deal could put up petrol by 20p

From ALAN MACGREGOR IN GENEVA AND MARTIN FLETCHER IN WASHINGTON

OPEC adopted an agreement to raise its minimum reference price by three dollars to \$21 a barrel and to increase its production ceiling to 22.491 million barrels a day until the end of the year, the Saudi Arabian oil minister, Hisham Nazer, said in Geneva yesterday.

The deal is the first increase since 1986. If Opec can force the spot oil price to 21 dollars and hold it, then the crude price increase would almost certainly lead to higher petrol prices in the coming weeks.

According to Dr Jim Walker, energy economist at the Royal Bank of Scotland, the cost of petrol at the pump could rise by more than 20p a gallon because of the Opec increase. "If crude oil prices go up, petrol will follow," he said. "It is difficult to say by how much but a conservative estimate would be 20p in the next six weeks or so."

A communiqué raising the price to \$21 from \$18 was to be signed in a plenary session of a conference of the 13-member Organisation of Petroleum Exporting Countries in Geneva. New output quotas would aim to choke excess supply, mop up a prevailing world oil glut and get prices up to the new goal from a recent \$14 to \$17 range.

But the agreement was forged at a heavy political price in terms of Middle East stability and Arab unity. Iraq and Kuwait will begin talks today in the Saudi city of Jeddah to try to settle Iraqi territorial and oil claims over its smaller neighbour and last night it emerged that Washington was formulating a tough response to Baghdad's

regional muscle-flexing. The decision in Geneva was reached as the US Senate voted overwhelmingly to impose tough economic sanctions on Iraq amid signs that Bush administration, reversing previous policy, was itself considering new measures against that country.

By 83 votes to 12 the senate supported an amendment to the 1990 Farm Bill which would end the \$800 billion (£442 billion) Baghdad presently receives in loan guarantees to buy US agricultural and commercial products.

It would also formally ban all military sales to Iraq until it complied with international treaties governing nuclear

non-proliferation and biological and chemical weapons. A similar measure is due to go before the house foreign affairs committee next week.

Ironically, one of the most approving responses to Iraq's bullying attitude came from its former enemy, Iran. Confirming the bizarre new alliance between two nations whose eight-year war was one of the bloodiest of this century, the Iranian president, Ali Akbar Hashemi Rafsanjani, claimed that Iran's cooperation with Iraq had already helped to lift the price of oil by several dollars.

War of words, page 10
Opec target, page 36

Waddington shock over 'snuff' claims

By MARK SOUSTER

DAVID Waddington, the home secretary, said yesterday he was keeping a close watch on reports that young boys may have been murdered during the making of pornographic video films. His remarks came after Scotland Yard confirmed that detectives were investigating the disappearance of 20 children in Britain since 1984.

He said he was shocked and horrified by police concerns that as many as 12 of the cases being looked at could involve the murder of boys which have been recorded on so-called snuff films. "I am not in a position to say how much substance there is in the

reports but they are sufficiently worrying for me to be watching very carefully the police reaction to them," he said. Police were attaching great importance to the investigation, he added.

New information has been given to police by at least one of four men convicted last year of the manslaughter of Jason Swift, aged 14, who was sexually abused at a flat in Clapton, east London.

Scotland Yard has set up a telephone hotline for members of the public to call with information.

Full story, page 3

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Cash problems may close Correspondent next week

By MELINDA WITTSTOCK
MEDIA CORRESPONDENT

THE fate of the loss-making *Sunday Correspondent* will be sealed next week when shareholders will decide whether to keep the paper alive, but for 650 other newspaper workers the die was cast yesterday with the decision to close the Northprint printing plant in Manchester.

The *Sunday* broadsheet, which plans a relaunch in mid-autumn as a "quality tabloid" if it can raise upwards of £10 million, is waiting to hear whether the *Chicago Tribune* group, its biggest shareholder with 17.6 per cent, will move its investment to *The Independent*. The paper is seeking alternative sources of finance should it lose the *Tribune* as a

shareholder and has set itself a deadline of next Wednesday. *The Guardian*, with 16 per cent, has promised "a significant amount of money", one senior journalist said yesterday, but the terms of its offer have not been disclosed.

The paper's journalists have not automatically ceased publishing if the *Tribune* moved its interest to *The Independent*, but it would close next week if efforts to raise finance fail.

The *Correspondent*, which has been losing about £1 million a month, is believed to have just £1 million left in the bank. Severance pay of at least three months' salary for its 90 full-time journalists would alone approach £750,000.

Newspaper Publishing, which owns *The*

Independent and the loss-making *Independent on Sunday*, is still negotiating terms of a deal with the *Chicago Tribune*, which wants to take a controlling 30 per cent stake. Andreas Whitman Smith, founder and editor of *The Independent*, has reportedly offered to suspend its articles of association, which prevent any shareholder from owning more than 15 per cent, if the *Tribune* pays £10-12 a share. *Independent* shares are now valued at about £5 each.

It is understood that the *Independent* titles have offered to take on 20 journalists from the *Correspondent* if its deal with the *Tribune*, which would involve the takeover and subsequent closure of the *Correspondent*, goes ahead. Besides the other 70 journalists, some 110 distribution and

advertising staff jobs would be at risk if the paper folded.

Meanwhile, journalists on the two *Independent* titles have begun to complain that proprietorial self-interest has kept news of the two troubled Sunday papers out of their papers. *The Guardian* and the *Correspondent* have also been silent.

The *Correspondent* is printed in by Portsmouth and Sunderland Newspapers in Portsmouth, by East Midlands Allied Press in Peterborough, and by Northcliffe Newspapers in Stoke. The Stoke plant will take over some of the printing of the *Daily Mail* in November when the Northprint Manchester closes.

The decision by the *Mail*, *Mail on Sunday*, *The Guardian* and *Manchester Evening News* to stop printing at the

Northprint plant will put 286 printers out of work, as well as 220 Associated Newspapers staff and 180 people employed by *The Guardian* and *Manchester Evening News* group. Editorial and advertising staff from all the titles will remain.

Northprint is owned jointly by Associated and the *Guardian* group. Colour printing facilities added three years ago, have not proved successful.

Printing of the *Mail* will be transferred to Stoke, Sunderland, and Trafford Park Printers in Manchester. The Manchester and Sunderland plants will split the printing of the *Mail on Sunday*, while both *The Guardian* and the *Manchester Evening News* will move to Trafford Park, which will take on some of the redundant Northprint workers.

France not to seek captain's extradition

From PHILIP JACOBSON
IN PARIS AND
EDWARD GORMAN IN BELFAST

THE captain of an IRA gun-running ship who is under arrest in Ireland after jumping bail in France will not be extradited to face trial in Paris.

French justice ministry officials confirmed that there would be no request for the extradition of Adrian Hopkins, captain of the *Eksund*, which was captured in October 1987 laden with 150 tonnes of arms from Libya destined for the IRA.

Mr Hopkins had been awaiting trial in Paris together with four other Irishmen arrested on the ship, was released on bail last Friday.

He failed to report to the police, as ordered, on Monday and is believed to have flown to Shannon. He was arrested in Limerick on Thursday night, but is expected to be released.

Even had the French wanted him, it is unlikely that an extradition request would succeed since there are no arrangements between Ireland and France for the extradition of their nationals to the foreign jurisdiction. The French have never extradited their citizens and alluded to this in their brief statement on Mr Hopkins in which they said: "France will not be asking for the extradition of an Irishman from his own country."

The circumstances surrounding Mr Hopkins's release led to speculation in legal circles in Dublin that he had co-operated with the French authorities while on remand and had been rewarded by being given bail, which the French must have known he would violate.

One Dublin lawyer said: "If the French had wanted him to stand trial, it seems extraordinary that they would allow a foreign national in these circumstances to be given bail." Some observers believe Mr Hopkins may have told the French of other IRA shipments.

Thatcher praises Liverpool

Margaret Thatcher made an unheralded visit to Liverpool Cathedral yesterday to celebrate the foundation of Cathedral Chambers, a £6.2 million office development by the cathedral's dean and chapter which is emerging on the cathedral's doorstep (Ronald Faux writes).

The project was first given government support by Michael Heseltine when he had ministerial responsibility for Merseyside regeneration.

Mrs Thatcher arrived to some grand thunder from the cathedral organ and a welcome from the dean. She said that Liverpool was surmounting its problems and that what was happening in the precincts of the cathedral was a marvellous example of what could be achieved.

Cathedral gift

The Gateway supermarket chain is to pay £500,000 towards a cultural and spiritual renewal centre for Bristol cathedral which will also have a tourist information office. William Waldegrave, foreign office minister and chairman of the cathedral trust, said that the project would enable the cathedral to take its medieval place as the gateway to the heart of the city.

Ford prices up

THE price of most Ford cars will rise by an average 3.9 per cent due to higher costs and improved specifications, the company said yesterday. From August 13, the basic price of a Fiesta Popular 1.0 rises from £4,752 to £4,948, and the Scorpio 2.9 EFI automatic from £18,313 to £19,103. An Escort 1.3L 5-door will cost £6,854, up from £6,541, with a Sierra 1.8LX up from £8,331 to £8,684.

Jail protest

Prisoners at Armley Jail, Leeds, the country's most overcrowded prison, held a sit-in protest yesterday, the second in two days. Nearly 80 remand inmates refused to leave the exercise yard for 20 minutes, but returned to their cells when prison officers were backed by reinforcements.

Policeman fined

Stephen Daly, aged 33, a village policeman, of Ardleigh, Essex, was fined £150 by magistrates in Colchester yesterday for causing unnecessary suffering to his dog. He had taken the underfed spaniel to kennels, claiming that he had found it running wild, only for the dog to be recognised by a neighbour. The court was told Mr Daly had had his hands full looking after his ill wife and two children.

Capped Tyne council sheds jobs to meet imposed limit

By ARTHUR LEATHLEY

ONE of the 21 councils to be community charge-capped announced yesterday that it would have to shed 1,100 jobs to meet the capping level.

Labour-controlled North Tyneside council said that the loss of jobs would amount to one in eight of the total workforce, with 670 jobs going by the end of this year.

Brian Flood, the council leader, said of the decision: "It is a sad day for local democracy, and even sadder for the people who rely on this council's services. I hope people will take the opportunity to go

voluntarily. If they don't, the council will have to consider whether to move to compulsory redundancy." The council has yet to decide which departments will be affected, although teachers and other staff dealing directly with the public will be spared.

Kenneth Baker, the Conservative party chairman, speaking during a visit to an oil rig in the North-east, said that the authority had only itself to blame. "They have always been big spenders. They always were extravagant and wasteful, and still are."

Chris Patten, the environment secretary, has taken the unprecedented step of applying for a high court injunction next week to stop another charge-capped council sending out 141,000 poll tax bills.

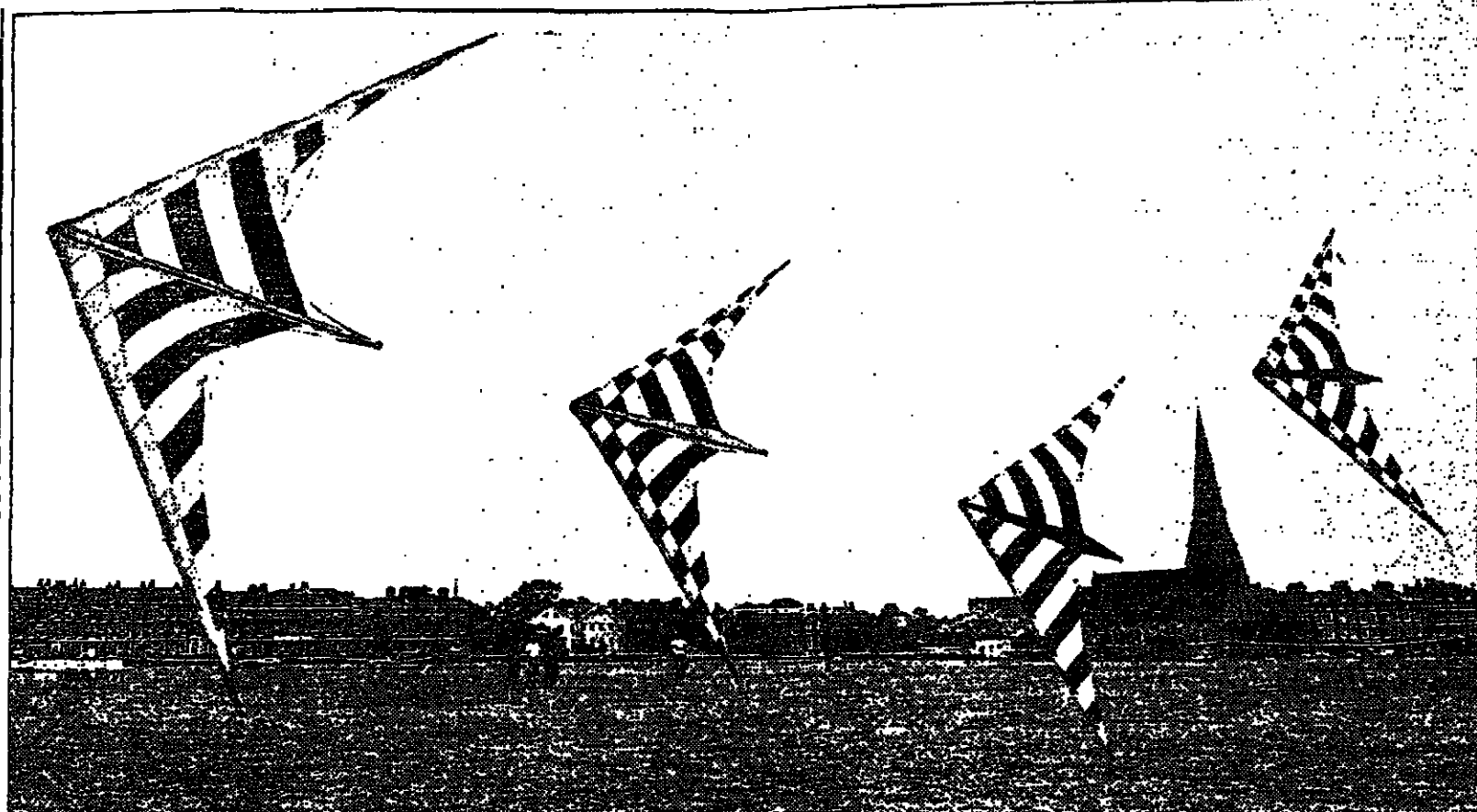
Haringey council, in north London, set a new community charge last week of £536.58 in response to the environment department's instruction to meet a capping figure of £508. The council became one of 21 capped councils after originally setting a rate of £573.

Mr Patten is understood to have been angry that Haringey insisted on a new rate which was so far adrift of the capping level, despite government warnings. "If they (Haringey council) had used their original estimates when setting a reduced charge it would be about £508, and I feel I must step in to ensure that Haringey's chargepayers benefit fully from the cap which the House of Commons has approved on this council's budget," the minister said.

As Mr Patten's department prepared to apply for the injunction and to ask the High Court to set up a judicial review of Haringey's affairs, the council was yesterday printing thousands of bills detailing its new charge.

A council spokeswoman said: "We have heard nothing officially from the department, and we just want to get these out as quickly as possible so that people know what they are paying. We will carry on printing, and send them out as soon as we can."

The council argues that it has cut its budget by £10 million as instructed by the government, but says the government is being too optimistic in estimating the proportion of people who will pay the charge. Less than half of the money due to the council to date has actually been collected.



Aerial ballet: More than 50 competitors showed their skills yesterday in the first European stunt kite competition at Blackheath, south London.

Government braced for human rights report

By QUENTIN COWDREY AND
MICHAEL BINYON IN BRUSSELS

THE international team of human rights experts arriving in Britain tomorrow to carry out a series of checks on detention facilities in prisons and police stations arises from Britain's ratification of a Council of Europe convention. The checks are not relished by government officials, who are braced for an embarrassment when the inspectors report to them later this year.

Under the convention, the team will have virtually unlimited access to jails, police stations and top-security hospitals for a fortnight. The object will be to check that conditions do not breach the 1987 convention which says that no one in custody should be tortured or subjected to inhuman or degrading treatment or punishment.

The team has yet to reveal where it will inspect. A meeting with Home Office ministers, police and jail

officials will take place on Monday but beyond that Whitehall does not know what the inspectors' itinerary will be. There was little doubt in the Home Office yesterday, however, that a prime target for the inspectors will be overcrowded local prisons. They, by common consent, suffer the worst conditions. A recent report found that ten of these were more than 50 per cent overcrowded, while the Prisons Inspectorate has said that Birmingham and Wandsworth jails fall short of the Home Office's rule that inmates should be treated with humanity.

Giuseppe Guarneri, the Italian head of the council's human rights section, was non-committal yesterday about suggestions that Britain had been singled out as a priority for inspection. Since the convention came into force in February of last year, two or three countries had been visited, he said. The Home Office said that it was unconcerned about the

visit. "As a signatory to the convention we had been expecting one," a spokeswoman said.

It is understood, however, that the committee's attention has been caught by reports of evidence given to the Woolf enquiry into the April jail riots and by claims that prisoner suicides are high in Britain. The furore over the freeing of the Guildford Four, said to have confessed to terrorist atrocities after being beaten up in police custody, might also have been a factor.

The convention gives its investigators the right to interview privately any prisoner or psychiatric patient, to call for records and documents and to insist on visiting the oldest and most dilapidated or overcrowded facilities.

Their report will be confidential. No publicity is permitted unless the host country is obstructive or refuses to implement the suggested changes within a reasonable time. In this event, the committee can vote to

publicize its findings to try to shame the country into action. One outcome of the visit might be increased pressure on the government to introduce legally-backed minimum standards for prisoners, a move which penal reformers say is a prerequisite to genuine advances in jail regimes.

Britain is a party to a non-statutory council convention on prison standards but, unlike many West European states, has refused to incorporate the rules into its domestic law.

Signatories to the 1987 convention can refuse a visit only on exceptional grounds such as national defence, public safety or in the event of serious disorder in their prisons. Adam Sampson, deputy director of the Prison Reform Trust, said: "The committee can only find that the government has fallen woefully short of its obligations under the convention and the European prison rules."

Leading article, page 13

Bad debt provision holds down Lloyds profits

By NEIL BENNETT, BANKING CORRESPONDENT

THE damage being inflicted on Britain's companies by high interest rates has been revealed by Lloyds Bank, which has more than trebled its provisions to domestic bad debts to £190 million in the first half of the year.

The provision, which was £30 million higher than forecasters in the City had expected and up from £60 million in 1989, held the bank's pre-tax profits in the six months to £408 million.

This, however, was up from the £193 million Lloyds made in the first half last year, when it was forced to set aside £483 million to cover Third World debts. Sir Jeremy Morse, the bank's chairman, said the bank was facing the outfall of the British economy. "We have definitely not underperformed, and we have maintained a prudent approach," he stressed. Sir Jeremy blamed the rise in provision on a number of

unspecified public companies which have run in to difficulties this year. These were thought to include Rush & Tompkins and British & Commonwealth. The largest single provision was £20 million, while the provisions pushed the corporate banking division's profits down 69 per cent to £28 million.

The bank also suffered a rise in bad debts among private customers, although Brian Pittman, the chief executive, stressed mortgage defaults were still low. The bank has repossessed 28 homes since the start of the year and the personal loan default rate is still under one per cent.

"If we did not have have bad debts, we would not have any customers," said Mr Pittman. Sir Jeremy said the 15 per cent rise in Lloyds' lending to large companies to £9.65 billion was a further sign of the interest rate squeeze. "They are drawing down their facilities very rapidly," he said. "It shows their illiquidity."

Ministers were urged yesterday to consider making the National Savings an independent agency to improve its services and allow it to react more quickly to competition from banks and building societies (Richard Ford writes).

A committee of MPs also urged the government to review the future of the ordinary account operated by National Savings which is declining and offered "very uncompetitive" rates of return for small savers.

National Savings will face stronger competition next April when building societies and banks will offer payment of interest gross on savings under the introduction of tax-exempt special savings accounts allowing banks and building societies to offer tax-free savings.

Lloyds results, Page 36

Ale-taster's wife saves day for new lord from Pennsylvania

By ALAN HAMILTON

THERE was a distinct shortage of serfs to bow and scrape when the new Lord of the Manor of Henley-in-Arden, Warwickshire, arrived to inspect his domain yesterday. Everyone to whom he proffered a seigneurial palm proved to be a tourist, but the day was saved when the ale-taster's wife was found in the library.

Joseph A. Hardy, aged 67, millionaire lumber merchant of Farmington, Pennsylvania, paid £35,000 this week for the title which, until the bang of the auctioneer's gavel, had been in the hands of descendants of Simon de Montfort, summoner of the first English parliament in 1265. Sporting a large panama hat and cigar but forsaking the striped shorts and braces he sported at the auction, Mr Hardy journeyed from the safety of Claridge's to learn at first hand that he had not got anything very tangible for his money.

There is no manor, no house, no land. Lordships, which are nowadays bought and sold like so many cattle, are little more than quaint pieces of paper, most of their vestigial privileges having been abolished by parliament in 1972. Mr Hardy has not, however, bought a complete turkey: he acquires the right to hold an annual court leet in Henley's ancient guildhall, and he gets the toll from the annual gild fair held every October. Last

year's income was £50. What he most visibly gains is a clutch of courtiers: a high and low bailiff, a steward, butter-wheeler, mace bearer, constable, two brook-lookers and an ale taster. Their duties are entirely ceremonial, although the brook-lookers are assiduous in removing supermarket trolleys from the stream.

Mr Hardy expressed himself well pleased with his purchase as he sat in the lord's chair at the guild hall. "My God, this lordship goes back to 1066. In America they really get into anything connected with royalty. I intend to play an active role." He would take the title of Lord Hardy, and return at least twice a year.

Colin Powton, the ale-taster who for the rest of the year is a Henley postman and part-time fireman, was too busy putting out a fire yesterday to meet his new master. "I think it's a shame it's been sold; it breaks with a very long tradition. But of course we wish Mr Hardy well and hope he keeps up the old traditions."

The lordship was sold by Timothy Robinson, aged 30, a racehorse trainer who has moved to France. Lord and Lady Hardy plan to return to the United States on the QE2 at the weekend. Their neighbours in Farmington, Pennsylvania, will never hear the end of it.

Leading article, page 13

Rebuilt Bentley is No 1, judge decides

By MICHAEL HORNSNELL

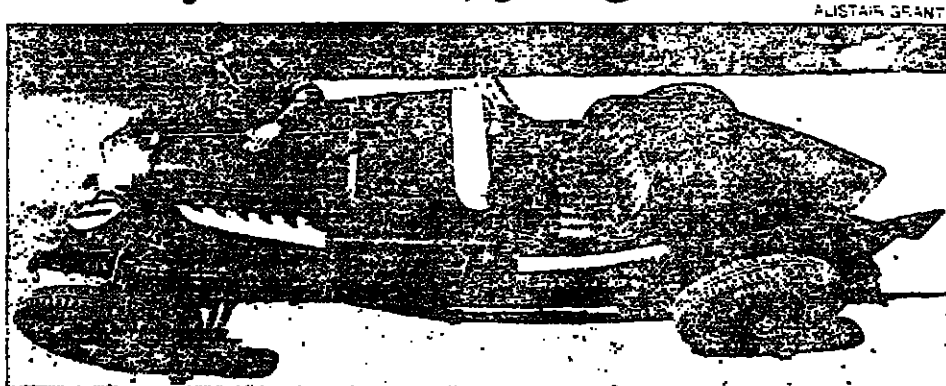
A LOVINGLY restored racing car is the genuine Bentley Speed Six Old Number 1 classic worth £10 million which twice won the 24-hour Le Mans race, and not a collection of worthless spare parts, a judge ruled yesterday.

The 2.16 ton Bentley, which last raced in 1932 when its driver Clive Dunfee was killed in a spectacular accident at Brooklands in the 500 miles race, was at the centre of a High Court dispute over its pedigree.

Mr Justice Otton, who heard 12 days of legal argument recalling the golden era of British motor racing, gave the gleaming monster owned by Edward Hubbard, the collector, the judicial seal of approval.

Mr Hubbard, aged 59, drove the Bentley jubilantly around the Royal Courts of Justice later and said: "It's a wonderful decision, but it's especially a great thing for the car. It means a lot to me that it has been proved to be what I said it was. It is not only the most famous racing Bentley, but it's probably the most successful single British racing car. I had a tear in my eye when I heard the judgment and I have mixed feelings about selling it but now of course I have to."

Mr Hubbard, who has owned the car through his Bermudian company, Jam Ltd, since May 1989 and spent £250,000 renovating it, was



Real thing: The Bentley Speed Six Old Number 1 is polished by a mechanic

granted a court order enforcing an agreement under which a Japanese-owned company agreed to buy it for £10 million - £6.8 million in cash and the transfer to him of assets worth £3.2 million.

The company, Middlebridge Scimitar, a subsidiary of the Middlebridge Group which recently acquired the Brabham Formula One racing team, had agreed to buy it and signed a contract, but then had second thoughts and pulled out of the deal.

It accepted that the Bentley was the car which crashed at Brooklands, but it said it was promised the winner at Le Mans in 1929 and 1930 and claimed the Brooklands Bentley was not the same car because it was completely rebuilt by Wally Hassan, the master mechanic, before the fatal race.

The company claimed the car was of little historical

interest and worth only £250,000, and counter-claimed damages for misrepresentation and breach of contract. This claim was dismissed by the judge.

Mr Justice Otton said in a reserved judgment: "There is no other Bentley, extinct or extant, which could legitimately lay claim to the title of Old No 1 or its reputation. It was this history and reputation as well as its metal which is for sale."

The case centred on whether Mr Hubbard's car was the one which took Capt Woolf "Babe" Barnato, the diamond heir, to victory at Le Mans in 1929 and 1930, or whether it had undergone so much rebuilding that it was no longer the genuine article.

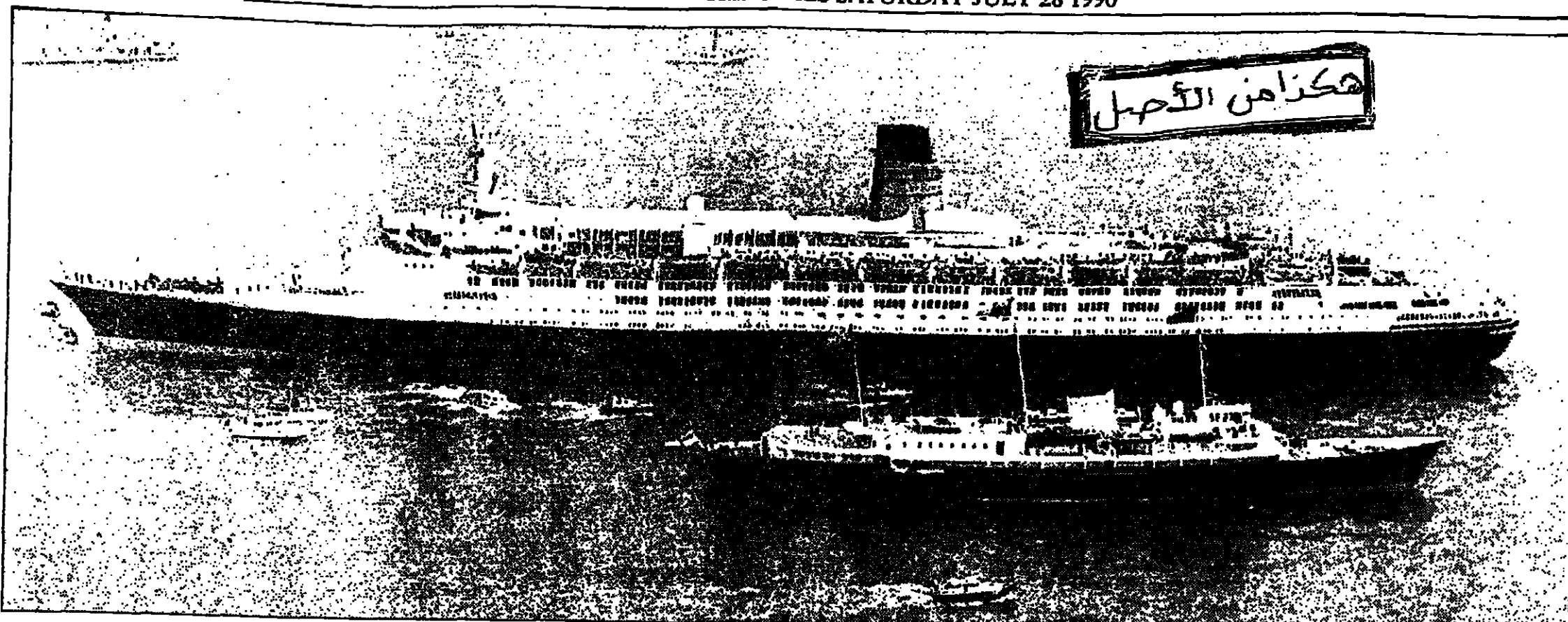
The judge said: "It looked beautiful and the magic and sheer power of its engine evoked excitement and nostalgic memories of the

past. There has been no break in its historic continuity from the time it first emerged in the racing shop in 1929 until today."

Middlebridge, which was ordered to pay costs officially estimated at £100,000, has seven days in which to decide whether to appeal before the court order is enforced against it.

The company's solicitor, Mr John Kennelly, said: "I am very disappointed at the way it has gone and I shall be advising my client to appeal."

Old No 1 was the first Speed Six ever to be raced. It was responsible for the final two of Bentley's five victories at Le Mans. On both occasions it was driven by Capt Barnato, the chairman of Bentley Motors until Bentley was taken over by Rolls Royce in 1931. After the fatal crash, Capt Barnato had it rebuilt for his private use.



Meeting of Queens: the royal yacht Britannia, with the Queen and the Duke of Edinburgh aboard, is dwarfed as she sails past the Queen Elizabeth II yesterday during a review of ships gathered in the Solent to mark the 150th anniversary of the founding of Cunard. The Queen later made history as the first reigning monarch to sail on a liner with other passengers, as the ship reached Southampton

Waddington pledge of action over fears of killings on film

BY MARK SOUSTER

DAVID Waddington, the home secretary, said yesterday that he was shocked at reports that so-called snuff films may exist in Britain and promised prompt police action to counter the threat. Mr Waddington said that he was very concerned about police fears that young boys may have been killed by paedophiles who had filmed their deaths.

Mr Waddington said that he could not imagine "any criminal behaviour that causes more concern to the public. The stories about these videos are horrific, absolutely horrific, and the police are wasting no time in carrying out extensive enquiries. They are sufficiently worried about this for me to be watching the situation very closely."

Mr Waddington made his remarks after Scotland Yard had disclosed that detectives were investigating the disappearance of 20 young boys since 1984, some of whom may have been the victims of snuff films.

Last night, MPs and child protection agencies called for government intervention to combat what one MP described as "the horror, squalor, sordidness and downright evil" of such films, which make multi-million pound

profits for organised crime. Scotland Yard confirmed that the disappearance of boys over a six-year period was being investigated as well as deaths "during the making of films in London dating back to 1984".

The announcement comes after a year-long operation, code-named Orchid, by a squad of officers in east London. Police want to hear from anyone who may have been involved in the making of such films and suffered sexual abuse, or anyone who has any information. A telephone hotline on 071 488 6570 has been set up and calls will be treated in confidence.

Suspicions that between six and 12 youngsters were filmed as they died after being enticed to parties are being investigated. Victims as young as six years have been abused and tortured before being killed, police believe.

Fresh information has been given to police by at least two men jailed for the murder of Jason Swift, a schoolboy, whose death in 1985 was rumoured to have been filmed. He was raped by a gang of men and suffocated in a London flat. Four men, serving sentences totalling 62 years, were convicted at the

Central Criminal Court last year of his manslaughter. In May, because of the new information, police dug up a car park by a synagogue in Clapton, east London, in search of a boy's body. Fragments of animal bone were found.

The possibility that snuff films have surfaced in Britain has angered MPs, among them Geoffrey Dickens, Conservative MP for Littleborough and Saddleworth, who has campaigned for ten years against child pornography. He called on the prime minister to issue a "grave and personal warning" to parents.

David Young, Labour MP for Bolton South East, said that efforts to break such evil practices had been "too little and far too late". Child pornography should be at the top of the political agenda.

Valerie Howarth, director of Childline, which receives more than 10,000 calls a day from distressed children, said some had spoken of being shown pornographic films and asked to perform similar scenes. She had no evidence of children featuring in snuff films in Britain, but said it was vital that the issue of child pornography was confronted before European border controls were eased in 1992.

Rumours abound but evidence of British dimension is elusive

SNUFF films — so called because the victims are killed, or "snuffed out", during filming — surfaced in the United States in the mid-1970s. None, however, have been found by police in Britain although rumours about their existence are rife (Mark Souster writes).

Popular mythology is that these films do exist, but in Britain, at least, all those seized purporting to be genuine have turned out to be gruesome fakes involving special effects. Scotland Yard has received information from convicted paedophiles who have given details of the making of such films. For the first time police fear that they might be telling the truth.

In 1975, police in America discovered evidence that prostitutes and immigrants from Mexico were being killed in lurid detail to satisfy the insatiable demands of the multi-million pound pornography industry. The New York organised crime control bureau said at the time that it was convinced that people had been murdered. Ten years later, a Californian was believed to have kidnapped and killed 20 women and filmed their torture and death. Video tapes of actual killings became big business for rental firms.

Paedophile rings in Britain and on the Continent appear to have taken snuff films into a new dimension, with children being sexually abused, tortured and killed. Rumours

that the trade has been going on for years have abounded, but only recently have police admitted that such films probably do exist and are available commercially as well as for private use. The victims are invariably young boys, many who have run away from home and who have turned to prostitution for survival.

However, nobody has proved that a victim has died on film and police have yet to obtain real evidence of any type of snuff film being distributed in Britain.

Experts and the authorities know that child pornography and abuse is not confined to Britain and that close links exist with paedophile rings on the Continent. The Council of Europe recently studied the problem and produced a classified report entitled *Child Trafficking*. It concludes that

the problem is international and widespread, and co-ordinated and immediate counter-measures are required. Infiltrating such organisations is difficult, as West Midlands police have found. In April the central plain clothes department set up a child pornography unit to ascertain how extensive the problem is in the Birmingham area. Inspector Bob Ash said sex offenders involved in paedophile rings often made contact in prison where they were segregated.

Ray Wyre, who runs Britain's first clinic for convicted paedophiles, has seen such films in the United States and has no doubt killing takes place. "The human imagination has no end to its depravity. When the video replaced film the arrival of the 'snuff' movie in Britain became almost inevitable," he said.

Scotland Yard keeps a list of 3,000 child molesters and pornographers who have been driven underground since the exposure of Paedophile Information Exchange, which provided an outlet for video films and photographs. In spite of this, the traffic in child porn videos continues and is a flourishing business.

The National Society for the Prevention of Cruelty to Children said that its child protection teams had dealt with children involved in sex rings which had used pornographic material and videos.

Adrian Noble did not attempt to disguise the fact that the loss of Miss McIntosh, the most experienced administrator of the three, was a severe blow.

"She has immense skill as a producer, an extraordinary intellect and an artistic vision it will be impossible to replace," he said.

Miskin apologises for his remarks

By RAY CLANCY

SIR James Miskin, the senior judge who created a dispute on the eve of his retirement when he said the decision to free the Guildford Four was mad, last night apologised for his remarks. He told Garth Peirce, the solicitor representing Gerard Conlon, one of the Guildford Four, that he had not intended to suggest that they were guilty.

She had demanded an apology after Sir James said in an interview that there was "a live risk" that the IRA could have bribed a young hard-up police officer "to cook up some documents" to help to free the four.

In an interview with BBC News on Thursday he also said that no thought had been given to the fact that during a full appeal three years after the four were convicted in 1975 there had been no suggestion that police documentation

showed confessions had been fabricated. Ms Peirce said: "These were the remarks of an ill-informed person. She said they could have brought the judiciary into disrepute. Sir James has now telephoned me to say that he didn't intend to suggest that the Guildford Four were guilty in any way."

The judge, aged 65, who heard his last case yesterday after 15 years in the Central Criminal Court as Recorder of London, was criticised by the Police Federation, and the Lord Chancellor distanced himself from the outspoken comments. Alan Eastwood, the chairman of the Police Federation, said that if there were "any evidence of a young, hard-up police officer being bribed" it would surface in Lord Justice May's enquiry which is due to report soon. He described the judge's remarks as "thoroughly irresponsible" and added that the federation did not want to be involved in "what appears to be an hysterical attempt at character assassination".

The Lord Chancellor, who has rebuked Sir James in the past over a number of controversial comments, said: "Sir James was speaking for himself and his views do not represent my own."

Last year Sir James apologised to the Lord Chancellor after he referred to black people as "nig nogs", and he has been widely criticised for his "soft" sentencing, especially in rape cases.

Court officials and lawyers who have worked with him were divided in their views. Some supported his remarks about the Guildford Four. Others described them as "yet another manifestation of his increasingly eccentric behaviour".

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THE SUNDAY TIMES

Mother of the century

"She is as old as the century. She has weathered its wars and its ways better than the century has. In those 90 years nothing has been more extraordinary than the success of her life's work." So writes Sir Alastair Burnet in his portrait of Queen Elizabeth II.



Elizabeth, the Queen Mother which is serialised in The Sunday Times starting tomorrow. Also in celebration of the 90th birthday on August 4 of the nation's favourite mother. The Sunday Times Magazine, tomorrow, publishes a unique gallery of portraits of the Queen Mother painted throughout the century.

Hocus Pocus

Kurt Vonnegut's new novel Hocus Pocus is a typically off-the-wall satire set in the 21st century. Read the first chapter in tomorrow's Books section.

Exercise for all

In the second part of her latest series on getting into shape, Callan Pinckney offers a gentle but effective programme of exercises for all the family which don't strain the back.

Care grants refusals rise as claimants get less

By JILL SHERMAN, SOCIAL SERVICES CORRESPONDENT

MORE than half the people applying for community care grants from the £204 million social fund were refused help last year and those who did get money received less on average than the previous year, according to the annual report on the fund.

The report from the social security secretary, Tony Newton, shows that only 46 per cent of the 501,100 applicants for the grants, awarded to help people who have been discharged from institutional care to live in the community, were successful in 1989-90, 4 per cent fewer than the year before.

The document also shows that although the number of people receiving the grants, totalling £60 million, rose from 153,000 to 230,000 the average award has dropped from £271 in the first year of the fund to £261 last year. Awards to cover certain items dropped even further. The average sum to cover furniture and household equipment fell from £425 to £372.

The report describes a similar picture for the budgeting loans, with the number of loans being refused rising from 41 to 44 per cent and the average loan dropping from £214 to £205. The number getting interest-free loans, worth £119 million in total, rose by 75,000 last year to 580,000. Those receiving crisis loans, where their health or safety would have been in danger, fared better. Only 12 per cent of applicants were refused and the average sum awarded rose from £41 to £49.

The report suggests that many people are being refused help because local offices are running out of money. Citizens advice bureaux have reported cases where people have been told that even though they are suffering hardship they are not in the high priority category. Although the government has given local benefit offices broad guidelines, social fund officers can use their discretion locally.

That has resulted, for example, in the elderly being "a high priority" and young people leaving local authority care "a medium priority" in Greenwich Park while the reverse order applies in neighbouring Woolwich, southeast London.

The report shows that the number of people being refused help for budgeting loans and community care grants due to "insufficient priority" has risen from 25.6 per cent and 9 per cent to 31.6 per cent and 17 per cent respectively. Other reasons for refusal included the person's inability to repay a loan, the fact that they did not qualify because they were not receiving income support or because a grant was awarded instead.

Michael Meacher, Opposition social security spokesman, accused the government of spreading the meagre budgets even more thinly.

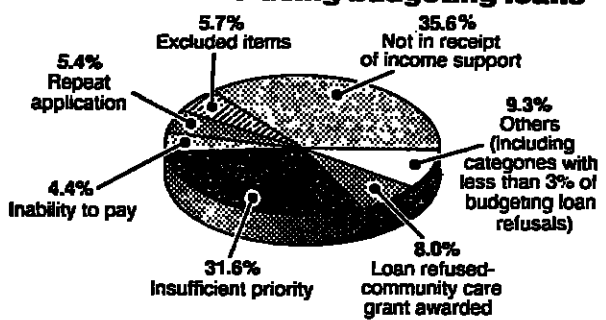
A report from the social fund commissioner published with the annual report calls on the department to discourage the use of restrictive guidance and encourage the consideration of each application on its individual circumstances.

Last night, the social security department defended its decision to provide help to more people at the expense of the size of the award. "In the first year there were fewer applicants than expected and in the second year there were more. The money has remained constant and so the size of the award reflects the number of applicants."

Annual Report on the Social Fund 1989-90 (Stationery Office, £5.95)

Annual Report of the Social Fund Commissioner for 1989-90 (Stationery Office, £5.75)

Reasons for refusing budgeting loans



Farmer is shot dead in village lane

A GUNMAN fired at two ambulancemen as they tended a farmer who was shot dead in a Cotswold village, forcing them to retreat from his body.

Tony Alliss, aged 40, was shot as he walked down Sandpit Lane in King's Stanley, Gloucestershire, with his son and their two rottweilers on Thursday night. Lee Alliss, aged 14, was also hit, and suffered a minor arm injury.

More than 50 police officers, some armed, surrounded a farmhouse in which the gunman had barricaded himself and, after three hours, persuaded him to surrender.

A man aged 19 and his father were being questioned last night. Police were also trying to contact Mr Alliss's wife, who was in France.

The ambulance technicians, Andrew Kardynal, and Kevin Ogden, are to receive bravery commendations.

Asthma deaths

Atlanta - The United States death rate from asthma - a disease which affects nearly 10 million Americans - has jumped by more than 30 per cent in seven years, health officials said. (AFP)

Salmonella denial by fined shop

A BUTCHER was fined £2,000 yesterday for selling cooked meat said to be responsible for one of Britain's biggest salmonella outbreaks, in which two people died and 270 became ill.

A distinctive salmonella strain found in the victims was also discovered on a chopping block in the company's bacon room and also in the drains, Phillip Woodward, said for Delyn council, which brought the case.

The shop, owned by Wynn Williams (Flint) Ltd in Flint, Clwyd, was said to be dirty and unhygienic and an ideal breeding ground for bacteria. The company admitted at Flint magistrates court that it sold two joints of cooked stuffed pork which were unfit for human consumption. But the company's solicitor, Simon Farrington, said it did not accept that it was responsible for the outbreak.

The company was fined £2,000, and ordered to pay £1,000 costs. It now could face civil damages claims of up to £1 million from the victims of the salmonella outbreak. 140 of whom are being represented under legal aid.

Mrs de Savary told to demolish jetty

THE American-born wife of Peter de Savary was told yesterday that she must demolish a boat jetty she built so that her husband would not get his shoes muddy.

Lana de Savary built the jetty 175 ft out into the Percuil from the family home, Boslogas, at St Mawes, Cornwall so that her husband could commute by boat to his office at Falmouth docks at all hours without having to wade through thick mud when the tide was out. The alternative was a 30 mile drive along narrow roads.

Mr Chris Patten, the environment secretary, ordered a public enquiry when Carrick district council told Mrs de Savary to demolish the jetty because it spoiled landscape. She appealed, but the

environment department inspector, Mr Graham Self, yesterday dismissed the appeal and ordered the jetty to be removed within a month.

He said the jetty formed a man-made feature in an area of genuinely outstanding beauty and harmed the natural scenic quality of the area. "The circuitous road journey would be much less convenient, but these are all personal circumstances," he said. "I am aware of Mr de Savary's contribution to the economic regeneration of the area, but I do not consider that the jetty itself assists the economy of the region."

Mr de Savary has put the house and grounds up for sale for £750,000 and plans to make a Falmouth flat his Cornish base.



Silhouette of power: A line of tanks standing by for action in a mock battle during rehearsals for tomorrow's Royal Armoured Corps "Battle Day" at Gallow's Hill, Bovington Camp in Dorset. It marks the corps' 51st year

£1.5m damages for ex-pilot in motorcycle crash

A FORMER airline pilot who will spend the rest of his life in a wheelchair after a motorcycle accident won record damages of £1,571,282 in the High Court yesterday.

John Lambert was riding his motorcycle round a sharp right-hand bend near Loddiswell, Devon, in April 1981 when the machine careered out of control, ploughed through a fence and plunged down a steep incline.

Mr Lambert, aged 42, was thrown off and the motorcycle landed on top of him. He broke his neck and suffered serious injuries to his spine which have left him paralysed. He blamed Devon county council for allegedly failing to maintain the road, and Judge Black, QC, gave Mr Lambert judgment against the council.

The judge said that in spite of Mr Lambert's grievous injuries, he was a remarkably relaxed and calm man. He would, however, suffer pain for the 20 years he has been given left to live. He needs constant attention and has been looked after by a series of au pairs, the judge said.

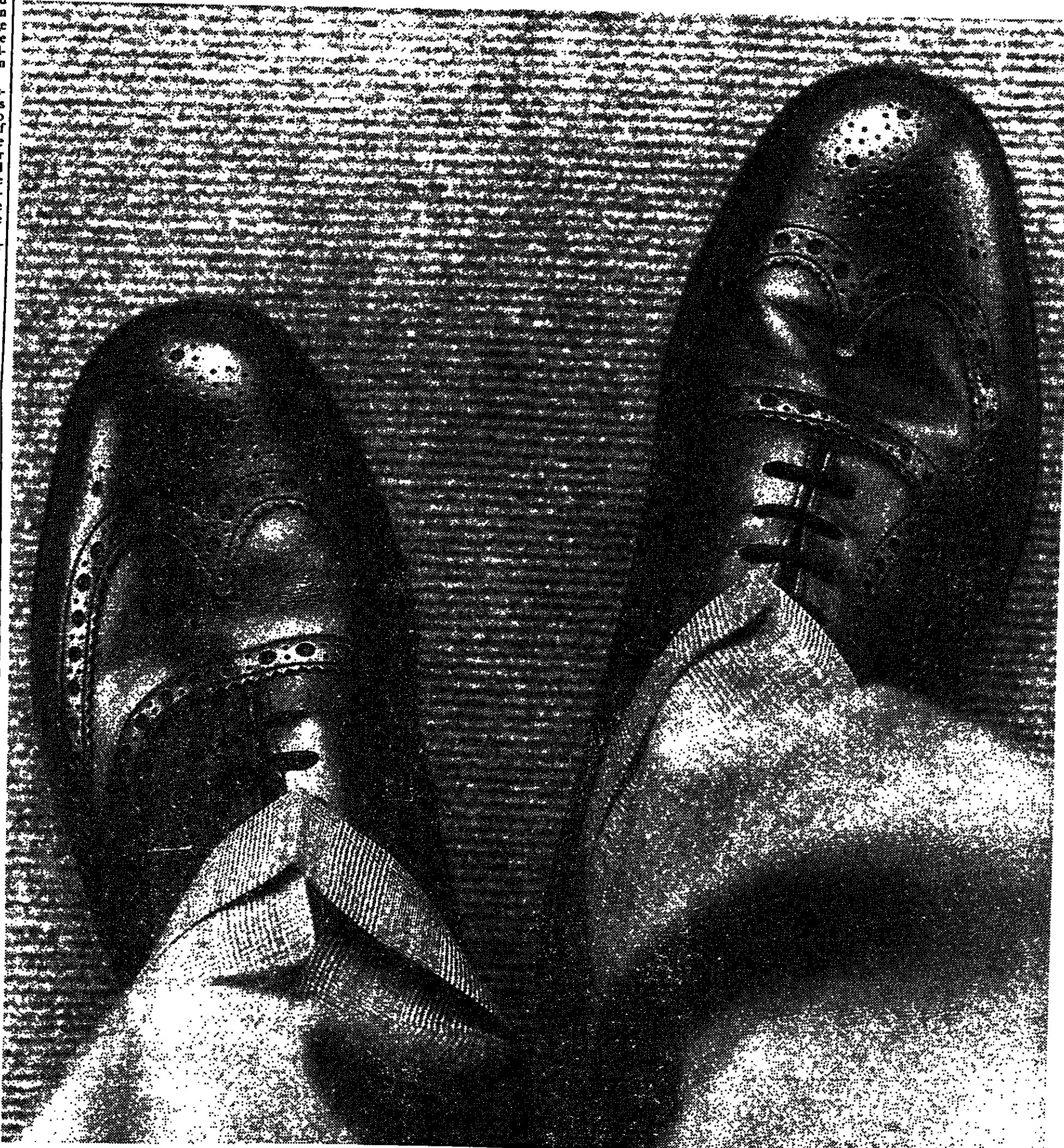
Mr Lambert was a 33-year-old bachelor working for Air Maroc flying jet aircraft around the world at the time of the accident. The judge said that Mr Lambert would never

work again and would probably never marry. He said that Mr Lambert still had a cheerful, outgoing disposition.

Judge Black had earlier ruled that because the council had failed to comply with previous orders compelling them to hand over specific documents, he could enforce an earlier order debarring them from defending the action. The judge said that the order was draconian but he was satisfied that the documents were in their possession. There had, he said, been an inexcusable failure on the part of the council to comply with the order.

Mr Lambert of Weymouth, Dorset, had claimed £2 million damages for his injuries and loss of earnings. While the judge discounted some claims, he allowed various expenses including electric toothbrushes and an electric shaver. He put a stay on payment of the damages above £750,000 pending a possible appeal by the council.

Mr Lambert said afterwards that he was happy with the award. "I shall continue my charity work for the disabled at Cheshire Homes," he said. "This is the sort of money that disabled people need to get a fair deal out of life. There are hundreds of thousands of disabled who need help."



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Radiation worries over the dumping of used smoke detectors

By NICK NUTTALL
TECHNOLOGY CORRESPONDENT

BIOLOGISTS and environmentalists are becoming alarmed over the long term radiation risks from the number of smoke detectors being installed in Britain's homes, offices and factories.

Most units contain radioactive Americium 241, which can cause lung and liver cancer in humans, and soil and water contamination. A fire service campaign aims to have fire detectors in all Britain's 20 million homes.

What concerns environmentalists is not the radiation risk in buildings, which is insignificant,

but what happens to the detectors when they are thrown away. Units have working lives of between ten and 15 years but Americium 241 has a half life of 460 years.

Patrick Green, a radiation consultant with Friends of the Earth, said: "When people begin dumping these detectors, we could have a major waste management problem on our hands."

Under the Radioactive Substance Act 1960 it is illegal to dump without approval smoke detectors containing more than one microcurie of radiation. However, companies and households with detectors rated below this limit, which includes domestic

and some commercial units, are exempt, and units may be put out as refuse.

The long delayed Radioactive Products (Safety Regulation), under the Consumer Protection Act 1987, is expected to come before Parliament in the autumn. However, the regulation makes it law to have National Radiological Protection Board approval only when supplying.

A board spokeswoman said that attempting to control the disposal of household goods was impractical and that dispersing detectors and their tiny radiological content in landfills was safe.

Mr Green described this argument as absurd, given the strict disposal laws covering commercial units with slightly higher radiation levels.

"How many people do this is a question which remains unanswered," he conceded.

Stephen O'Shea, managing director of Apollo Smoke Detectors of Havent, Hampshire, which supplies commercial units, said his company, like "all the really professional ones", takes old detectors back for safe disposal at Harwell nuclear laboratory in Oxfordshire.

Experts say that even this practice carries hazards which were highlighted this week in the House of Commons. Frank Cook, Labour MP for Stockton North, claimed that a substantial radiation leak had occurred at Harwell

during the disposal of tritium from old telephone dials. The tritium, used to illuminate dials, had come from Culham, south Wales, where British Telecom has stored about two million old phones in a car park.

Barry Lambert, a radiation biologist at St Bartholomew's Medical College in London, said that the situation underscored the folly of using radiological substances in consumer goods.

Individually, the dials posed no risk, but collectively they were a hazard which no one seemed to have thought about when they were made. He said that the protection board should be taking

smoke detectors seriously before a similar problem arose. The safest option lies in better labelling, to encourage a switch to alternative, photo-electric detectors, environmentalists believe. However, these are not readily available and cost £20, compared with the cheapest radiation detectors at £5.

David Atwood of the Consumers' Association rejects some manufacturers' claims that photo-electric units are inferior at detecting certain kinds of fire. Tests carried out by the association and published last month found little difference in the performance of the two types.

The Guinness case

Saunders lives only to clear his name, defence tells jury

ERNEST Saunders, former Guinness chairman, may well have become obsessed and paranoid in the long battle to clear his name, Southwark Crown Court in London was told yesterday.

That was not surprising because it was all he had to live for, Richard Ferguson, QC, his counsel, said at the start of his final address to the jury on the ninety-fifth day of the fraud trial.

Mr Saunders, aged 55, Gerald Robson, aged 50, head of Heron International, Anthony Parnes, aged 45, a stockbroker, and Sir Jack Lyons, aged 74, the financier, deny 22 counts alleging theft, fraud

and breaches of the Companies Act during the Distillers takeover. They are accused of participating in a share support operation intended artificially to enhance the value of Guinness shares during the bid.

Mr Ferguson said that for the past three and a half years Mr Saunders had devoted himself to clearing his name and "with nothing else to do it is hardly surprising that this mission to prove his innocence may well, and it is a matter for you to consider, have become an obsession. He may well have become paranoid. I do not say that is so but it is a matter for you to consider."

You and I and the other defendants have lives and work outside this case. But Mr Saunders has nothing else to live for. The jury had to make allowances and would have to discount some of the more extravagant accusations Mr Saunders had made. "Just because you may feel that he overstated his conspiracy theory, or the bandwagon effect, it does not follow that the kernel of what he told you was untrue."

Mr Ferguson said that he was not asking the jurors to accept that everything Mr Saunders had told them was gospel truth. But there were reasons why he should be believed. The first was the evidence from Olivier Roux, chief prosecution witness and former Guinness finance director, who was granted immunity from prosecution in exchange for his evidence. The second was that Mr Saunders had the courage to go into the witness box and say what had happened. "To tell you his story, wars and all, I would be the first to admit and to acknowledge that there were wars."

Mr Ferguson criticised the way John Chadwick, QC, for the prosecution, had ended his two-day closing speech. He took exception to Mr Chadwick telling the jury that it had the opportunity by bringing in guilty verdicts to make it clear that conduct of that sort by powerful men in public positions would not be tolerated. He questioned whether the losers were in the "disgraceful episode" described by the prosecution. There had been winners during the takeover. Guinness shareholders had seen their shares go from 50p when Mr Saunders took over to six times that when he left.

Mr Ferguson said that the case against Mr Saunders depended on Mr Roux, who had been described as a self-confessed liar. "Mr Roux is the only person who says at the material time that Mr Saunders knew and approved all these arrangements. Without Mr Roux the prosecution case is dead."

Mr Ferguson said that the case began and ended with Mr Roux, described by a leading solicitor, Sir David Napley, one of Mr Saunders's witnesses, as a "self-confessed liar". The fact remained that Mr Roux had lied on oath to trade and industry department inspectors and "lied on oath to you".

Mr Ferguson then turned to Lord Ives, the then president of Guinness, on whose evidence the prosecution depended but which conflicted with Mr Saunders's. Lord Ives was "the most treacherous of all because of his final act of betrayal" in making the unfilled promise to stick by Mr Saunders. "He was obviously a man who was put in a position he was not up to. For a number of critical moments he was absent. His evidence could well be entrusted to the waste paper bin."

The hearing continues on Monday.



Family favourite: Ruairidh, in kilt and feathered balmoral, presides at his first gathering of the clan MacLennan

'Wee Chiefie' becomes head of the clan

By KERRY GILL

MACLENNAN of MacLennan, Anciently Lord of Loch Erne, although more usually known as Ruairidh or "Wee Chiefie", sat in a kilt and feathered balmoral yesterday while the kilt of the bagpipers over Dingwall pronounced him the 35th Chief of Clan MacLennan.

Ruairidh, aged 13, and soon to start boarding school in Edinburgh, took time off from building a raft on which to cross Loch Ness to be proclaimed first among equals at the ceremony in Tulloch Castle hotel after delivering a speech to several hundred clansmen.

However, his accession as leader of the world's MacLennans and the numerous septs descended from the MacLennan lineage, has not gone unchallenged. William MacLennan, Ruairidh's god-

father, has dropped a counter petition in to the Court of the Lord Lyon claiming the title. The case will not be heard for several months and, until the matter is resolved, the court will not recognize Ruairidh or William, a butcher from Sydney, as chief.

The wrangle was forgotten yesterday, however, as Ruairidh, whose Citizens' Band call sign is "Wee Chiefie", took over the mantle from his father, Ronald MacLennan, who died eight months ago having spent much of his life reforming the clan after it had lain dormant for 300 years. It was his dream to return to the clan estates at Kintail on the road to the Isles.

On his father's death, Ruairidh took over clan responsibilities helped by his mother, Margaret, who runs the post office at Dore, on the shores of Loch

Ness. It is here that Ruairidh is building his raft.

The line of succession to the MacLennan clan was broken in 1645 when the last male heir was killed at the Battle of Auldearn. Ronald, a physical education teacher, traced his lineage and had his claim to be chief confirmed by the Lord Lyon 20 years ago. The title was inherited by Ruairidh in spite of his godfather's challenge to the Lyon court, which deals with heraldic and armorial matters in Scotland.

Yesterday, the clan supported the boy's claim to be its leader and agreed to ask his godfather to drop his claim. A cassette tape from a clan member in Melbourne was played to the meeting. It praised Ruairidh's father, and ended: "Chief Ronnie is dead. Long live Chief Ruairidh."

Six forces meet over child murders

SENIOR officers of six police forces met in Edinburgh yesterday to review progress of the investigations into the unsolved murders of three children. Detectives represented Lothian and Borders, Northumbria, Staffordshire, Leicestershire, West Yorkshire and Nottinghamshire police forces. The enquiry is being led by Hector Clark, deputy chief constable of Lothian and Borders.

A spokesman for West Yorkshire police said developments in Scotland were the most significant in the four-year hunt for the killer of Sarah Harper, aged 10, who was abducted from her home in Morley, Leeds, in March, 1986. The other victims were: Susan Maxwell, aged 11, abducted near Coldstream in the Borders in July, 1982; and Caroline Hogg, five, of Edinburgh, abducted in July, 1983.

Ring thefts

Terence Pomeroy, aged 24, a jewellery shop assistant of Worcester, was jailed for a year with eight months suspended at Birmingham Crown Court after admitting the theft of rings valued at £22,000. They were sold by Asprey, the royal gift shop, after he said they were part of his dead mother's estate.

Housing sale

The £77 million sale of 8,000 council houses in Rochester, Kent, was completed yesterday with the help of a £20 million loan from the council to former staff who left to set up the Midway Housing Society. The council expects rents to fall by £3 a week.

Bridging loan

A Bailey bridge will be erected for construction traffic at one of the most picturesque points on the Cam to allow 10-months' work on the £1 million Wren library development by Trinity College.

Dawn arrests

Police arrested 11 people and seized a quantity of suspected drugs in a dawn raid by 95 officers on a caravan park at Coldharbour, in Kent.

Trapped in mud

Two people are recovering in hospital after being stuck in mud at Hayling Island, Hampshire, for seven hours. Rescuers reached the young couple as the tide rose.

Language odds

Jane Ross, a teacher from the Orkney Islands, is moving to Cardiff to teach French to children at the Welsh language school of Ysgol Glangwylf. She learned Welsh at Aberystwyth University.

NUM injunction suspended by Irish High Court

By DAVID YOUNG

THE Irish High Court has suspended an injunction granted to the National Union of Mineworkers freezing IRE£1.5 million in a Dublin bank account after an application by the union for time to allow detailed negotiations with the Paris-based International Miners' Organisation (IMO). The injunction was granted to the union last week and prevented Arthur Scargill, the union's president, Alain Simon, the French general secretary of the IMO, and Norman West, a member of the European Parliament and described as a trustee of the Miners' Defence Aid Fund, from disposing of the money in the Irish Intercontinental Bank in Dublin.

The court was told last week that the Dublin account was opened in January 1985, when Mr Scargill took steps to avoid the actions of the sequestrator appointed by the High Court. Yesterday, Ian Finlay, for the mineworkers' union, said that the injunction has been sought "as a protective measure in aid of substantive proceedings in the High Court in England by the NUM against Mr Scargill and others". He said that the money in the Dublin account came from donations from miners in Eastern Europe and in particular Russia. Mr Finlay said that after a meeting in Paris on Tuesday between the NUM, Mr Scargill and M Simon it was agreed to adjourn the proceedings until October 26. He said the High

Court in London had on Thursday adjourned the proceedings until that date.

Mr Justice Barron agreed to adjourn the matter until October 26 and said the parties had agreed that the injunction should not continue.

The injunction was suspended as an NUM official claimed that cash collected by Soviet miners was intended for British miners and as Scotland Yard confirmed that the fraud squad was investigating the conduct of the union's finances after complaints from a mining union official in Russia and a former member of the NUM. Mr Scargill said: "For over three months there has been a most intensive investigation both of Mr Scargill and Mr Heathfield, and the NUM and all its affairs throughout 1984-5. We did everything we could to sustain our union through sequestration and receivership. We have done nothing wrong and we have nothing to hide."

An NUM delegate at Mr Scargill's old pit, Woolley Colliery, near Barnsley, now closed, said that a top Soviet miners' official told a party of British miners that they would be sending £1 million to help strikers in Britain. Bruce Hirst said yesterday: "Arthur should resign or be sacked." He was speaking after allegations from the Soviet Union that the money was not for international use, as claimed by Mr Scargill and the IMO.

Court bans book on palace life

THE High Court yesterday banned publication of a book written by a former Buckingham Palace aide, Malcolm Barker, about life in the royal household.

Sitting in private, Mr Justice Wright banned Mr Barker, a former clerk to the Master of the Royal Household, from allowing his book *Counting Down* to be published anywhere in the world. However, he delayed the ban on publication outside Britain until 4.30pm on Monday, pending consideration of an appeal.

The ban will remain until any further orders, or until the hearing of a full High Court action brought by the attorney general on behalf of the Queen, in which permanent bans are sought.

In addition to the ban against Mr Barker, the judge also banned Fleetwood Publications over Nova Scotia from publishing the book in this country.

Hecklers sue Speaker's Corner regular for libel

By FRANCES GIBB, LEGAL AFFAIRS CORRESPONDENT

A REGULAR of Speaker's Corner is facing libel proceedings from hecklers in what is thought to be the first such action to spring from the Hyde Park institution.

Magnus Nielsen, aged 40, a regular anti-common market speaker, is being sued by two hecklers, one a barrister, after complaining about their methods and purpose in disrupting proceedings.

Mr Nielsen complained about the behaviour of the barrister, Trevor Millington, in a series of letters to the Bar Council, which replied that it would deal with the matter by an "informal procedure" and passed the letters to Mr Millington for comment. On the basis of these letters, Mr Millington and Brian Beckett, an American freelance journalist, launched proceedings for libel.

Mr Nielsen, who has given up his job teaching the unemployed on a City and

Guilts course, said: "The whole thing is a nightmare. I write a complaint to the Bar Council and find myself sued for libel. I have no means to obtain legal help and of course you can't get legal aid for libel. I am considering making myself bankrupt."

A further letter of complaint to the Bar Council has produced no response. Mr Nielsen has been told that the "correspondence should now cease" and that the council will not be in a position to reply to any further letters.

Mr Nielsen tried in June this year to get the action struck out "for want of prosecution". His attempt, however, failed on a technical error as he had no legal advice in preparing his case. It is now up to Mr Millington and Mr Beckett to make the next move in the proceedings, and they have until the end of this month to act.

The dispute between Mr

Nielsen and the hecklers goes back more than four years. A number of speakers, led by Mr Nielsen, first protested in 1984 about the tactics of some of the regular hecklers at Hyde Park.

Mr Nielsen attacked their behaviour in a letter he circulated to other speakers and that letter was used by Mr Beckett as the basis to launch libel proceedings. His action was advised by a citizens' advice bureau to let the action go by default and not enter a defence and Mr Beckett was awarded £100 damages and costs.

In May 1986, Mr Nielsen again complained to the Bar Council about Mr Millington and at the same time made further allegations about Mr Beckett. A second writ followed and this time Mr Nielsen lodged a defence. He has refused the plaintiffs' demands for an apology.

Artist of silence proves he is really a man of many words

By ROBIN YOUNG

THERE is a widespread belief that Marcel Marceau, the French mime artist, does not speak. In fact it is his creation, Monsieur Bip, the white-faced pierrot with flowered top-hat to whom he gave birth in 1947, who is silent. In his own, off-stage personality M Marceau is a monologue artist of the first order. He proved it at a press conference at the Savoy hotel in London yesterday in the run-up to his four-week season at the Sadler's Wells Theatre. He spoke for 25 minutes without interruption and then dealt with questions for another 25.

He does not actually answer questions very much, but rather seizes upon them as opportunities for further extended discourse, since, as he said, he has a problem with his hearing after flying around the

world for the last 30 years. "Anyway," he added cheerfully, "people speak so many nonsenses, this gives me the opportunity sometimes to hear only what I want to hear."

M Marceau told us this would be his 15th London visit since he first came with Jean Louis Barrault, recreating the harlequinade from *Les Enfants du Paradis*. He listed theatres he had played and reminisced about his television appearances, and said that he was happy to be Marcel Marceau, the mime artist, in the country which gave birth to Charlie Chaplin and Stan Laurel and had a tradition of pantomime stretching back to Grimaldi. He said that on every visit he made a pilgrimage to the place where Chaplin was born, "in

Kensington". "Kennington", someone in the audience called. "Yes, Kensington", said M Marceau, who added that he had been a personal friend of Stan Laurel, born, he thought, in Glasgow. "Lancashire", a voice volunteered. "Yes, Glasgow", said M Marceau.

This will probably be the last time he appears in a one-man show in London. "No art can exist without a school. For years I have been on my own. I had to explain to the audience what mime should be. If I do not form a company and give the legacy to others the art cannot survive, so I have created an international school of mime in Paris, taking students from all over the world. Next year we will be presenting a programme with a cast of 20 mimes."



Marcel Marceau, the mime artist, in London to perform his show for possibly the last time

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Six forces meet over child murders

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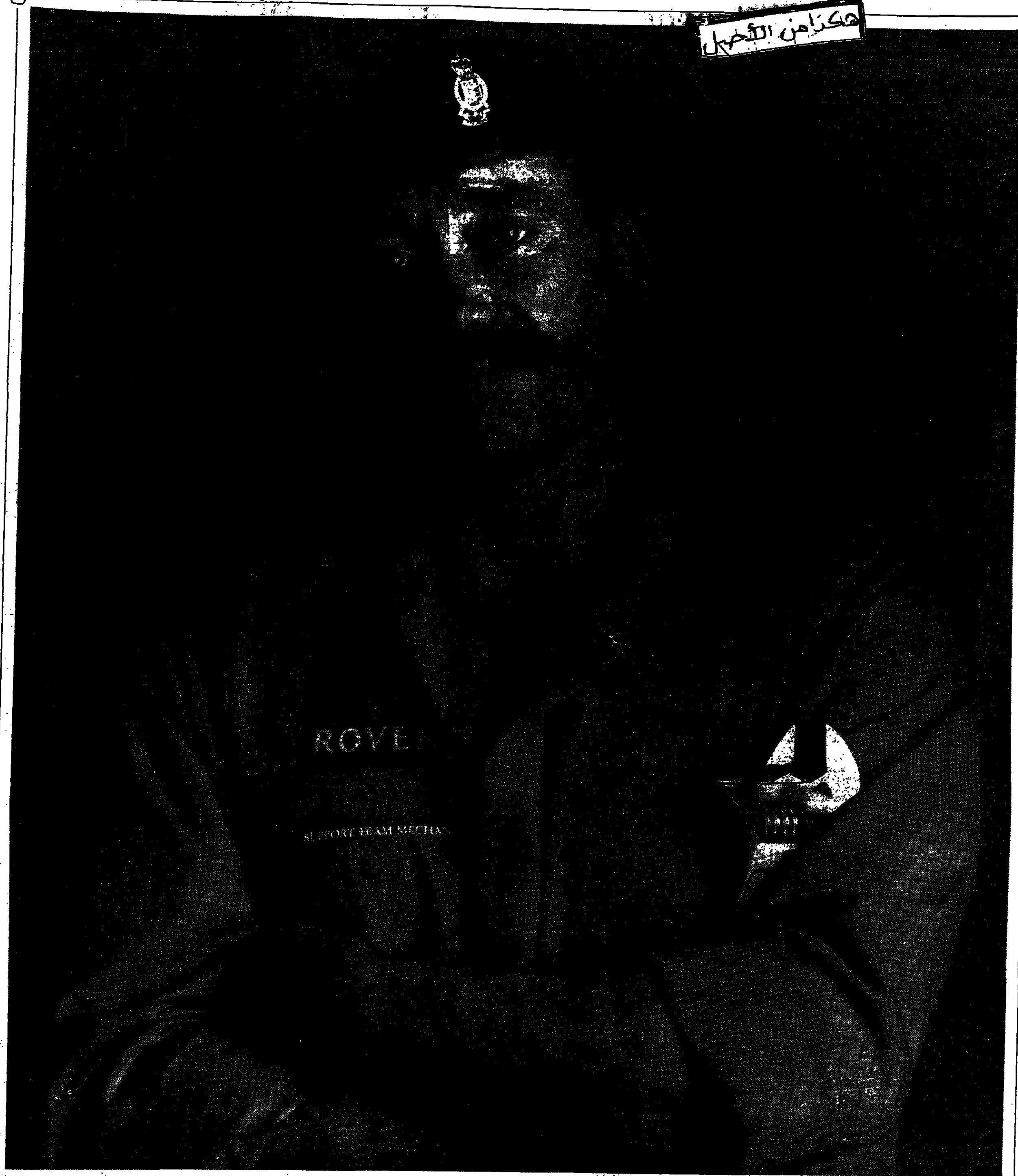
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box remained unopened for the whole journey.

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Gorbachev unleashes market forces on official media

From MARY DEJEVSKY
IN MOSCOW

THE Soviet media establishment is facing a shake-up that will affect some of the most revered and privileged of its members.

The Novosti press agency, long regarded as the international propaganda arm of the Soviet government, if not of a more sinister agency, will be the subject of a presidential decree to be issued any day now, transforming it into an international news agency that will have to compete for custom like any other.

Pravda, which bears on its masthead the proud legend "The newspaper was founded on May 5, 1912, by V. I. Lenin", will find itself having to compete against the non-official press not only for readers but also for the paper it is printed on. The changes are

partly a result of the new press law which comes into force on August 1, but they also derive from President Gorbachev's view, expressed at a meeting with staff of State Television and Radio (Gostele-radio) last week, that the liberalisation of the media has not gone far enough.

One of the underlying ideas seems to be that there should be a sharper political distinction between Communist party organs and the rest, but that the party organs should also justify their existence commercially.

A presidential decree on television and radio, issued two weeks ago, provided for individuals and groups to set up stations and lease broadcasting channels. In practice, any changes of this order will take a long time unless foreign funding is involved.

The other changes are more immediate. Staff at Novosti are concerned about

what they fear will be a reduction in jobs and job security. Pravda fears a catastrophic drop in circulation and hence of influence. At present, it claims a circulation of nine million, two million less than two years ago, but its readership is believed to have fallen much further than those figures suggest. It was overtaken by the government newspaper, Izvestia, for the first time last year, and lags way behind the trade union paper, Trud, and the party's youth paper, Komsomolskaya Pravda, which have both pursued more adventurous editorial policies.

Competition from other official papers, however, is of less concern than competition from the non-official press whose legal status was dubious until the new press law was passed. Now, within certain limits, including a general stipulation that no publication should

violate the Soviet constitution, individuals and groups are free to found publications of their own, so long as they have the means.

Business and related publications have multiplied in the past six months, with the resurrection of pre-revolutionary titles and a non-ideological approach. Many are joint ventures with foreign firms that give access to better quality paper and production techniques more advanced than those available to the regular Soviet press.

The press associated with informal groups has also mushroomed. Each political tendency has its own publications, sometimes only flysheets, which are sold at political meetings, on street corners and sometimes even from state-run kiosks. They appear unpredictably.

Even so well-connected a group as the Democratic Platform, the radical wing of

the Communist party, was unable to guarantee regular monthly publication, but that is starting to change. Last month saw the first issue of *Democratic Russia*, an eminently professional-looking newspaper produced by the reformist party of the same name, led by Nikolai Travkin and the chess player Gary Kasparov.

Next month sees the launch of two new daily newspapers in Moscow, one called the *Independent Newspaper*, the other a rejuvenation of the pre-revolutionary *Kuranty* (Chimes). Both are backed by the Moscow city council, which has been without its own paper since it lost a dispute with the city's Communist party over control of the daily, *Moskovskaya Pravda*, after the spring elections.

The difficulty for the official papers, aside from the competition for readers, is that from the beginning of next year

they will have to compete for paper, of which there is an acute shortage. Official daily papers with four or six pages currently cost on average five kopecks (5p). Non-official papers can cost ten or 20 times that.

From next year the official press will be forced into the same market. Fear-some price rises have already been hinted at and the combination of higher prices and the party's unpopularity could push *Pravda* to the sidelines. As if this were not enough, *Pravda* also faces an additional problem. It is subsidised by other members of the *Pravda* group, which include the profitable illustrated magazine, *Ogonyok*.

Already the management of *Ogonyok* has announced its intention of becoming an independent publication. If it succeeds, this will deprive *Pravda* of a large chunk of its revenue.

IMF chief in Moscow to discuss economy

From MARY DEJEVSKY IN MOSCOW

MICHEL Camdessus, the managing director of the International Monetary Fund, is in Moscow, it was disclosed yesterday. His visit, the first by an IMF representative to the Soviet Union in an official capacity, is at the invitation of Gorbachev, the Soviet state bank.

Mr Camdessus's visit comes in the wake of the decision by the Group of Seven industrial nations at last month's Houston summit to delay discussing economic aid to the Soviet Union until its economy has been thoroughly studied.

West Germany, France and Canada want to offer Moscow substantial help, but the

United States, Britain and Japan first want to see more evidence that a viable programme of economic reform is in place.

Two weeks ago President Gorbachev, addressing a joint press conference with Helmut Kohl, the West German chancellor, said he was strongly opposed to international organisations dictating conditions for economic help. He attacked the IMF's role in Hungary when the organisation was called in by Janos Kadar, that country's former leader.

On Thursday, at another joint press conference, this time with Giulio Andreotti, the Italian prime minister, Mr Gorbachev repeated that the Soviet Union needed foreign credit, but not charity, and that the imposition of political conditions was unacceptable. He said the country needed help, probably for two years, with the short-term difficulties of moving to a market economy.

It is not known whether Mr Camdessus is to be received by the Soviet leader. Yesterday he was the guest of the foreign ministry at lunch and also had talks with senior officials at the ministry of finance. He was also to visit the state planning committee (Gosplan), the central statistical office (Goskomstat) and the ministry of foreign trade and to meet leading economists. The main subject of his talks was said to be the outcome of the Group of Seven summit.

The Soviet state bank has admitted that international confidence in the Soviet Union has fallen dangerously in the past six months because of delays in payments to foreign creditors and reports of civil and industrial unrest. Moscow has recently raised additional loans, one of DM5 billion (£1.7 billion) from West Germany, and most recently a \$1 billion (£530 million) advance against sales of diamonds through the Central Selling Organisation, a subsidiary of the De Beers company of South Africa.

A week ago Mr Gorbachev's office was forced to issue a formal denial, apparently at the request of the state bank, that the Soviet Union intended to restructure its foreign debts. Reports to that effect had circulated after remarks by Mr Gorbachev about changes in Soviet debt arrangements.

Mr Camdessus arrived in Moscow on Thursday evening and is expected to leave tomorrow.

● **WARSAW:** A plan to privatise the Polish economy has been approved by the Senate, clearing the measure's last parliamentary hurdle. The upper house late on Thursday voted by 60 to seven to pass a law on privatising state enterprises. There were two abstentions. (Reuters)

Kurdish autonomy move wins support

By HAZRIL TEIMOURIAN

THE Soviet Union's Kurdish minority has become the latest to add its voice to the clamour of the country's numerous other nationalities for autonomy or independence from Moscow. But in the case of Kurds, the move has the backing of a strong lobby within the Communist party.

The call for autonomy came on Thursday night at the end of the first congress that the Kurds have been allowed to hold in the Soviet Union to discuss their collective grievances. Held at the Institute of Marxism-Leninism in Moscow with the support of the Communist party's Central Committee, the conference was attended by some 500 delegates from all over the Soviet Union. In addition, the authorities had given visas to Kurdish activists from Turkey, Iran, Iraq and Syria to attend the conference.

The last official census last year put the number of Soviet Kurds at 153,000, but as a result of glasnost many more Kurds living among Armenians, Azerbaijanis, Georgians and in a number of Central Asian republics disclosed their ethnic origins. Academician Karim Nadirov, the chief organiser of the Moscow conference, claimed they exceeded 500,000.

Dr Nadirov said the Supreme Soviet would create a commission in September, composed of deputies and Kurdish representatives, to examine possibilities for improving facilities for Kurds in Azerbaijan.

● **ANKARA:** Turkey has cancelled NATO military exercises planned for September in its southeast region troubled by Kurdish rebels, a military spokesman said yesterday. (Reuters)



Scene of the crime: Hans Neusel pointing out to police officers the spot where the terror bomb exploded which wrecked his car

German police chief survives car bomb

From IAN MURRAY
IN BONN

THE Red Army Faction, West Germany's violent left-wing extremist group, showed it was still active yesterday, when it almost succeeded in murdering the man in charge of anti-terrorist operations, Hans Neusel, the junior interior minister.

A note carrying the distinctive Red Army Faction "trademark" of a five-pointed star enclosing a hand holding a Kalashnikov rifle was found near the 5 ft-deep hole blasted by a remote-controlled bomb at the motorway exit which Herr Neusel was taking on his regular morning drive from his home at Rönngen to his office in Bonn.

The note claimed responsibility on behalf of the José Manuel Sevillano Commando, apparently named after a member of the Spanish Grapo terrorist organisation, who died in May in a Madrid hospital after a six-month hunger strike.

The attack, which failed because Herr Neusel, un-

RECENT RED ARMY FACTION ATTACKS

1985, Feb 1: Ernst Zimmermann, chairman of Motoren und Turbinen-Union industrial concern fatally injured by assassins at his home near Munich.

Aug 8: Bomb attack at US Rhein-Main air base near Frankfurt killed two air force personnel. US soldier murdered several hours earlier near Wiesbaden.

1986, July 9: Bomb attack killed Siemens manager Karl Heinz Beckurts and his driver near Munich.

Oct 10: Diplomat Gerold von Braunmühl, close aide of Hans-Dietrich Genscher, the foreign minister, assassinated in Bonn.

1988, Sept 20: Shots fired in Bonn at Hans Tietmeyer, state secretary at the finance ministry. He was unhurt.

1989, Nov 30: Deutsche Bank chief Alfred Herrhausen killed when his car was blown up by roadside bomb in Bad Homburg, near Frankfurt.

1990, June 27: Hans Neusel, state secretary at the interior ministry, injured when bomb exploded on road near Bonn. (AP)

usually for a minister, was driving himself, comes after the recent arrest of eight members of the terror group who had been hiding in East Germany.

Last month Hans-Ludwig Zacher, the head of the Federal Criminal Office which runs West Germany's anti-terrorist squad, warned that the arrests had not weakened the group, which had already recruited new members who had probably been responsible

for the murder last November of Alfred Herrhausen, the head of the Deutsche Bank.

"We now fear that after the arrests the Red Army Faction will seek to make its mark through further spectacular attempts to show it is still capable of action," Herr Zacher said. The purpose of the attacks would be to cause instability and thus try to undermine German unity.

Theo Waigel, the finance minister and leader of the

Christian Social Union, underlined this point in an angry comment yesterday after the attack. "Once again they have shown their irrational, unpredictable enmity to our community and against the process of German unity."

Herr Neusel was called out of retirement five years ago to take charge of internal security. He called on the terrorists to put an end to their criminal acts, at a press conference after surviving the attack.

"I call very forcefully on those responsible to give it (terrorism) up. You must see that your actions have achieved nothing. If you had succeeded with me today, what would that have altered? For we are a free democracy which, even with such excesses, can live and must live," he said.

Yesterday's attack showed all the careful planning which had gone into the murder of Herrhausen. The bomb was detonated with the same kind of laser beam as was used for the one which killed the banker. However, a different,

less powerful explosive was used than had blown apart his heavily armoured car.

The terrorists must have known Herr Neusel's car, studied the route which he followed to his office near the motorway exit and realised that he would be most vulnerable when he slowed down to turn off.

The bomb was hidden beneath a bush by the side of the motorway. As Herr Neusel drove his BMW past the bush the bomb was detonated. It blasted the passenger's side, where he would have been sitting if he had been using a ministry driver.

Fortunately for him, he was travelling fast enough to miss the full impact of the bomb and the car rolled off for a few yards before stopping, its boot and nearside doors hanging open, windscreen smashed and bonnet ripped in two.

He was shocked, but apart from slight cuts to his right arm, was uninjured. He paid a quick call to hospital and was back with police at the scene of the bombing within two hours.

Hungary votes on election options

From ERNEST BECK
IN BUDAPEST

THE final phase of Hungary's transition to democracy will be completed tomorrow when voters take part in a referendum to decide whether the president should be elected by parliament or people.

The unresolved issue has dogged the main political parties, which have quarrelled about it for almost a year, and bored the public to the point that only about 25 per cent of registered voters are expected to turn out. A 50 per cent turnout is required for the referendum to be valid.

Under the pre-election round-table agreement, only the first president of the new republic should have been elected by plebiscite, and thereafter by parliament.

But this was stopped last year in a referendum which postponed the vote until after the first free parliamentary elections in March. The latest referendum is sponsored by the Socialist party, formerly the ruling communists, which sees this as a last chance to gain a national political platform after coming a poor fourth in the general election and being locked out of the ruling centre-right government coalition.

While real political power is concentrated in József Antall, the prime minister, the presidency is considered prestigious, and the Socialists believe a win could boost their declining fortunes.

Although campaigning was low-key, the Socialists accused the majority Democratic Forum and its allies, all of whom favour a parliamentary election of the president, of conspiring to defeat the referendum by scheduling it during the summer holiday season. If the referendum fails, Árpád Göncz, the interim president, is likely to be confirmed in the post for a full four-year term.

● **Subsidies cut:** The Hungarian government, grappling with a growing budget deficit, said yesterday that it was cutting subsidies on household energy to save state money. Subsidies for coal, gas, electricity and district heating will be cut from next Wednesday, resulting in an average price rise for consumers of almost 30 per cent.



Policy turnaround: The SPD whip Richard Schröder and leader Wolfgang Thierse

Compromise in East Berlin

From ANNE MCELVOY IN BERLIN

EAST Germany's troubled government coalition was saved from collapse yesterday by a last-minute compromise by the ruling Christian Democrats on the timing of reunification and the pan-German elections.

A commission made up of East and West German MPs agreed on Thursday that the reunification of the two states should take place on December 2, with elections on the current West German models to be carried out afterwards.

A meeting of the East German Social Democratic executive decided yesterday that it would remain in gov-

ernment following the decision, although its leader, Wolfgang Thierse, admitted that the party was still divided on the matter.

An earlier demand by Lothar de Maizière, the prime minister, that East Germany should conduct separate elections without the 5 per cent hurdle, excluding small parties from the parliament, has been dropped, although the debate on whether the hurdle should be applied on nationally or regionally continues.

A regional calculation of results would favour the communist Party of Democratic Socialism which still has a

strong following in the East, but would split the left-liberal vote and undermine the standing of the SPD.

The Liberal party in the East, which resigned from the coalition earlier this week as a protest against the prime minister's stance, has now said that it is considering rejoining the government.

● **Mansion fire:** Suspected right-wing extremists set fire to the grand hall in Potsdam's Cecilienhof mansion where the victorious second world war powers settled the fate of defeated Nazi Germany in 1945, the police said yesterday. (Reuters)

Tokyo and Moscow consider cash solution to dispute over islands

From JOE JOSEPH
IN KUSHIRO, HOKKAIDO

FROM Cape Nosappu on the northern tip of Japan, where Japanese day-trippers come to make out the silhouette of the Kurile islands, it is hard to believe that these dots have become one of the last battlegrounds of the Cold War.

Rival claims to the four most southern specks in the Kurile chain have poisoned relations between Tokyo and Moscow for 45 years and prevented them from signing a peace treaty ending the war. Now the two countries seem ready for a solution. Tokyo is willing to pay cash for the islands. Moscow is trying to work out just how much.

In a dovish gesture, Japan yesterday allowed Soviet ships to dock at Wakkanai, a port in the northern island of Hokkaido which has been closed

to Soviet vessels for security reasons since the second world war. In return Mr Gorbachev yesterday told the leader of a Japanese religious group visiting Moscow that he would arrange a trip to Tokyo next spring and that he was ready to make "considerable concessions" to improve co-operation with Japan. The waltz is rather awkward, but a few months ago it was hard to envisage this couple on the dance floor at all.

Tokyo says that the Soviet Union illegally occupied the four southern Kurile islands in the last days of the second world war and their return has been the duty of any Japanese government. Japan also feels insulted that President Gorbachev has jettied around the world but not found time to visit his Pacific neighbour.

Tokyo is still waiting for Mr Gorbachev to act on hints he

made in his 1986 speech in Vladivostok to visit Tokyo as part of his bid to woo Asia. The Soviet leader says he has been too busy. The Japanese are hoping that when he eventually comes he will produce one of those diplomatic show-stealers for which he has become famous. In the meantime, they feel snubbed.

"The Soviet bear is showing his smiling face to Europe," a Japanese ambassador to Europe was reported to have said recently, "but to Japan he shows only his bottom. Why should we get as excited as the West Europeans?"

Tokyo stood its ground in refusing aid for the Soviet Union at the Houston summit. It feels that Moscow is getting hungry enough for Japanese cash to come begging and will have to offer something in return. Nevertheless, Tokyo feels awkward being

the West's last cold warrior when all its allies have defected.

Moscow is reluctant to give away land it gained during the last war. It also has important military installations in the Sea of Okhotsk, which is shielded by the disputed islands. Losing the islands would rob the Soviet Pacific fleet of one of its only two

paths to the open sea from its base at Vladivostok. But Moscow is desperate for cash to modernise its industry and for consumer goods to stack on empty shop shelves. It knows that Japan has the political will and the financial muscle to buy back the islands at a price that would boost the Soviet economy, although the deal would have to be camouflaged as loans and diplomacy.

Some liberals in Moscow, such as the historian Yuri Afanasyev, an ally of Boris Yeltsin, president of the Russian Federation, have been openly hawking the idea of handing back the islands in return for loans and aid. Officially Moscow has sneered and Mr Gorbachev has said the Soviet Union has no land to spare. But Moscow has also been casting bait, trying to find out what it is that will make Tokyo bite.

Vsevolod Ovchinnikov, a leading Moscow commentator, suggested in *Pravda* that the four disputed islands could be put under UN trusteeship and turned into a Soviet-Japanese special economic zone. Tokyo responded saying that it wanted sovereignty of the four islands with no strings attached.

Japan underlined its passion about the disputed islands by persuading its summit allies at Houston to mention the row in the summit communiqué on the grounds, said Toshiaki Kaifu, Japan's prime minister, that the "issue is not merely a bilateral issue. It is a residue of Soviet expansionism". Moscow said the move to "internationalise" the dispute was unhelpful.

Hiroshi Kimura, head of the Slavic Research Centre at Hokkaido University, is bull-

ish about the islands' return to Japan. He says both sides are becoming more pragmatic. "The Soviet Union has just made a very bold concession to West Germany on NATO membership of a reunited Germany. Perhaps one reason was that West Germany made very generous proposals at the Houston summit regarding aid to Moscow. Perhaps Gorbachev will be willing to make similar overtures to Japan next year."

"Gorbachev has said that the Soviet Union has no spare land to give away. But he said this more for Yeltsin's ears than for Japan's. And anyway, who says nice things before bargaining? Until very recently Gorbachev, Rogachev, Yakovlev, none of them ever said any nice things about West Germany and NATO. But look what's just happened."

He said Japan would buy

the islands. "Japan would give cash, aid, technology, loans, management skills. Nothing is free. Who would give away islands for nothing? They will hand them over eventually or else the Soviet Union will never become a full member of the Asian-Pacific economy. We are waiting patiently. Getting back the islands is a symbolic ceremony ending the tragedy of the losses of the last war. They need us more than we need them. The tables have turned."

"Getting back all the four islands could take 20 years. But I think we could have two of the islands within two or three years. The Hong Kong formula solution will be very useful for us. Once they agree to give Japan all four islands, they don't have to do it immediately. The important thing is that they commit themselves."

هكذا من الأصل



Old campaigner: Dr Castro haranguing the huge crowd at Thursday's anniversary of the start of his revolution

Castro warns Cuba of hard times after East bloc collapse

From ALAN TOMLINSON IN HAVANA

A DEFIANT President Castro has acknowledged the increasing economic isolation of his orthodox communist island state, then added fuel to his growing quarrel with Spain in a long harangue about colonial arrogance.

The Cuban leader chose the occasion of the 37th anniversary on Thursday of the beginning of his revolution to warn his people of harder times ahead now that the socialist bloc in Eastern Europe had "collapsed like a house of cards".

He accused President Bush of being obsessed with Cuba, then turned his guns on Spain, Cuba's main Western European partner. Madrid recalled its ambassador earlier this week and suspended \$2.5 million (£1.38 million) in economic aid to the island amid a bitter diplomatic row over 18 Cuban refugees who have sought asylum in the Spanish embassy in Havana.

The Spaniards were told by an irate President Castro that, rather than suspend their

modest assistance, they could keep it altogether. Spanish aid to Cuba may be something he could do without, diplomats said here, but Cuba's trade with Spain exceeds \$200 million (£110 million) a year and Spanish investors are deeply involved in Cuban plans to rejuvenate the island's neglected tourism sector.

In his long tirade he accused colonial Spain of relinquishing Cuba only to hand the island over to the neo-colonialist United States. "Now, a hundred years later, out of arrogance and pride they become the accomplices of the US in its aggression and isolation of Cuba," he vowed that "no power in the world will bring Cuba to its knees".

President Castro dwelt at length on the two-week-old refugee crisis during which some 50 Cubans have sought refuge in European embassies. Most have given up their hope of leaving the island after Dr Castro made it clear that there would be no exit visas for them, but 18 remain in the Spanish mission and four others at the residence of the Italian ambassador.

If the European Community was so concerned about Cubans who wanted to leave their country then why not "open an office or two in Havana to hand out visas", the Cuban leader asked with heavy sarcasm. "And if the US wants to join in, then it can send the boats and send the visas too."

Dr Castro had earlier referred at length to the strict limits and controls on Cuban emigration practised by the EC and the US and his remarks appeared to be more of a warning to Cubans that they were not wanted abroad than a genuine invitation to a mass exodus.

Western diplomats in Ha-

vana were surprised that Dr Castro should risk a further deterioration in his tense relations with Spain, especially in a speech traditionally treated by Cubans as a state of the nation address.

"If people in this country see things going wrong with Spain on top of everything else, their feeling of isolation is going to be deeper than ever," one European diplomat said. "This regime has been losing allies and friends in the past year and Spain was Cuba's link with the Western world, with Europe and the EC."

Another foreign observer remarked: "It seems that Castro likes to live on the edge." However, several Western diplomats expected Madrid to react soberly to the Cuban leader's harangue. Nor did they expect his invitation for visa offices and boats to lead to a repeat of the 1980 Mariel boatlift in which 125,000 Cubans fled the island.

President Castro's televised address to thousands of Cubans packed into Revolution Square acknowledged that their future was "far from rosy". He described as "catastrophic" the unexpected collapse of Eastern Europe but added that Cuba would survive "even if the Soviet Union were to disintegrate or disappear as well".

The duty of every Cuban in the face of future difficulties was to "fight, fight and fight; resist, resist and resist".

● MADRID: Spain yesterday rejected accusations by Dr Castro that it was aiding American "imperialist aggression" against his country. The Socialist government here also said it had no interest in further conflict with Cuba over the 18 Cubans sheltering in its Havana embassy. (AP)

Leading article, page 13

Andreotti coalition in danger of collapse

From REUTERS IN ROME

GIULIO Andreotti, the Italian prime minister, struggled to pull his year-old government back from the brink of collapse yesterday after five disgruntled cabinet ministers from his own party resigned.

The five, from the left wing of the Christian Democrats, included Mino Martinazzoli, the defence minister, and Sergio Mattarella, the education minister.

They resigned after Signor Andreotti called a confidence vote to push through three amendments to a broadcasting bill. Political commentators expected a confidence vote in the Chamber of Deputies last night. If this fails, Signor Andreotti could be forced to offer the resignation of his government, the 49th postwar coalition.

The embarrassing government crisis comes only one month after Italy took up the six-month rotating presidency of the European Community.

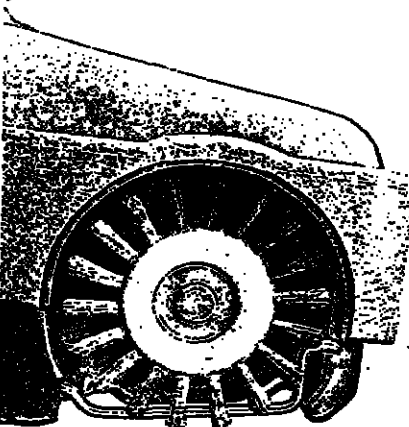
Ironically, the left-wing faction of the Christian Democrats, about 30 per cent of the party, said it would back the government in the confidence vote, called to approve the very amendments over which the ministers resigned. The left-wingers wanted laws regulating airtime for television advertisements to take effect in October 1991 instead of December 1992, to cut the total amount of television advertising and to further limit hours in which adult films could be broadcast.

Pressure from the Socialists, the senior partners of Signor Andreotti's five-party coalition, and strong backers of Silvio Berlusconi, the media mogul, forced the prime minister to call the confidence vote.

Signor Berlusconi's powerful private television networks stand to lose millions of pounds if advertising levels are further reduced.

Some ideas are so simple you wonder why no one thought of them before.

The brushes on the sides of a Panasonic Wall-to-Wall vacuum cleaner are that kind of idea.



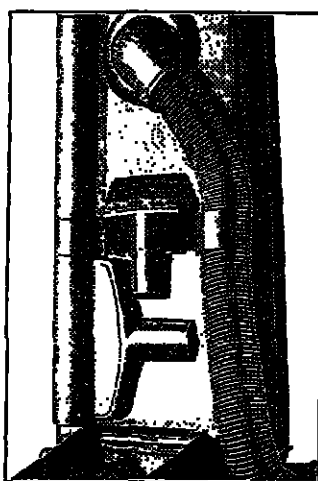
They loosen and lift dirt right up to the edge of your skirting board.

Which makes your room cleaner, and cleaning easier.

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But the advantages of a Wall-to-Wall cleaner don't stop there.

A 650 watt motor brings a lot of power to bear on your carpet, cleaning it thoroughly and effortlessly.



There are also accessories

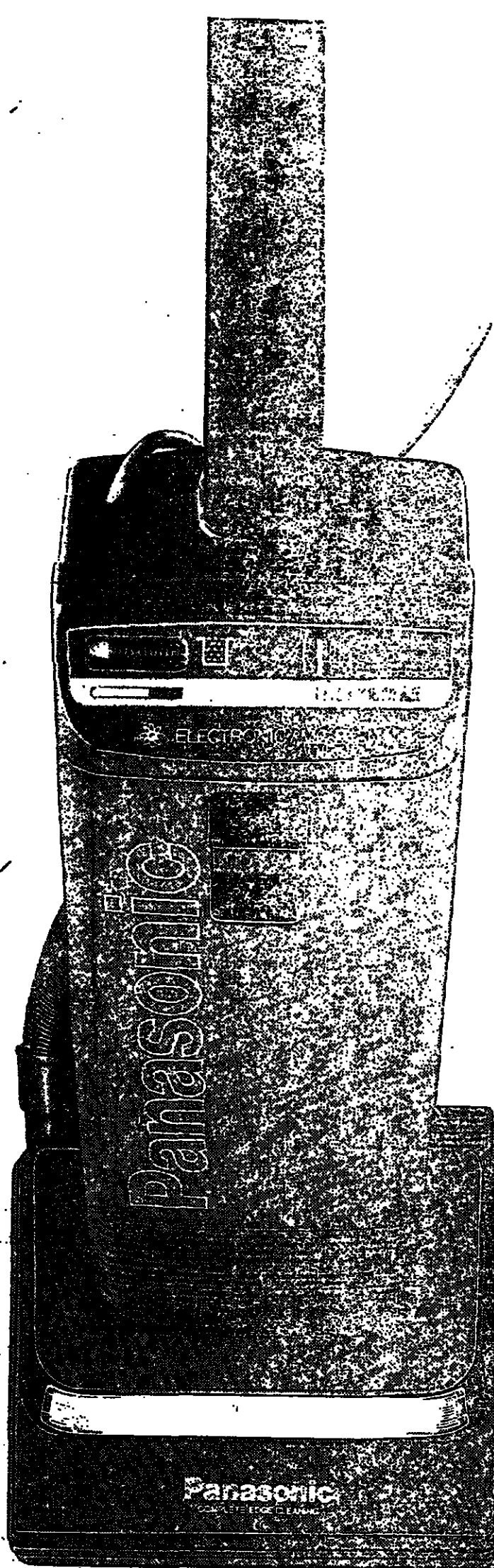
housed within the cleaner itself, big re-useable dust bags with an indicator to tell you when they're full, and a clean air filter.

A vacuum cleaner isn't something you buy everyday.

So before you make a decision, make sure you've checked out the one that'll give you the edge.

Panasonic
WALL-TO-WALL CLEANERS.

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THE
VACUUM
CLEANER
THAT
GIVES
YOU
THE
EDGE

US officer faces life for rape

Rota, Spain — A court martial at a US naval base in southern Spain has found a lieutenant guilty of raping a woman officer on board ship. Lieutenant Robin Brown faces life imprisonment, the loss of all military pay and allowances and dismissal from the service at his sentencing today for attacking the woman as she slept in her cabin.

The defence did not deny the event but said the lieutenant had been drinking in the port of Cartagena after 30 days at sea and was not in complete control of his actions. (Reuters)

North Koreans get cold feet

Seoul — North Korea yesterday cancelled a plan to send delegates to the South after failing to agree on terms for their trip across the heavily fortified border. Seoul officials said the five North Koreans left the border village of Panmunjom and were not expected to return.

Meanwhile, the largest opposition party in the South, led by Kim Dae Jung, resolved to disband and form a unified opposition with other dissident groups against President Roh's government. (AP)

Drive to save island statues

Santiago — The people of Easter Island are launching a worldwide campaign to raise money to save its huge statues. The images of strange human figures that stare across the Pacific island are being destroyed by erosion, fungus and souvenir hunters chipping away pieces of the volcanic rock.

The campaign is designed to raise between \$6 million (£3.3 million) and \$7 million to treat chemically some 400 of the 980 or so statues on the island, 2,400 miles west of Chile. After treatment the statues should be safe until at least the next century, said Elias Llanos, manager of the Easter Island Development Corporation. (Reuters)

Bombings add to woes of incoming Peru president

From CORINNE SCHMIDT IN LIMA

LIMA was blacked out, two days before the inauguration of Señor Alberto Fujimori as president of Peru, after suspected Maoist guerrillas blew up power pylons.

Police in the capital said they believed Shining Path rebels had exploded at least 12 bombs on Thursday night after forcing the city of seven million people into darkness. There were no immediate reports of injuries. The attack on the pylons blacked out a wide area of the Pacific coast, from the southern city of Ica to the port of Huacho, 90 miles north of Lima.

Six heads of state, including President Castro of Cuba, are due to attend the ceremony today when Señor Fujimori takes over from Señor Alan García. Guerrillas from a rival group, the pro-Cuban Tupac Amaru Revolutionary Movement (MRTA), have stepped up bombings and other attacks apparently to embarrass President García in his final days in office.

Señor Fujimori, a mathematician and agricultural engineer who celebrates his 52nd birthday today, faces many difficulties. In addition to the two terrorist movements, which have declared war on his government, Peru has a

narcotics industry which has made it the world's leading coca producer, and hyperinflation which last year hit almost 2,800 per cent.

"This is coca-cola country," said a taxi driver, Jorge Morales, as he sat through one of Lima's interminable traffic jams. Some 200,000 hectares of coca bushes are grown in the Peruvian jungle, whose leaves are processed into cocaine. The *colas* — Spanish for queue — are where Peruvians wait to cash cheques, buy petrol, collect their pay, and buy basic foodstuffs.

Shining Path has been the more bloodthirsty of the two guerrilla groups, but since a spectacular jailbreak by 48 of its members two weeks ago, the Marxist Tupac Amaru Revolutionary Movement has dominated Peruvian headlines. The two have engaged in a bizarre competition in recent days. Shining Path firebombed several department stores, while the MRTA launched a mortar attack on the government palace.

The security forces are braced for the worst. In central Lima, many main avenues have been blocked by armoured vehicles.

Despite the drugs trade and terrorism, Señor Fujimori's

greatest concern is reversing the country's economic decline and reintegrating it into the international financial community. Peru has been isolated since President García, on his own inauguration day five years ago, unilaterally limited debt payments.

But external help will depend on the steps Señor Fujimori takes to reform the economy. Price controls, underpriced public services, a huge fiscal deficit, and a reliance on printing new money to paper over budgetary holes are among the economic ills he must cure.

Whether Señor Fujimori will be able to do so is not clear, though he is evidently willing to try. While he defeated the novelist Mario Vargas Llosa by promising not to implement drastic economic reforms, a pre-inaugural trip to New York and Japan seems to have convinced the president-elect that the economy needs such treatment.

Observers say that Señor Fujimori was particularly affected by the refusal of the Japanese government to give this native son — his parents were Japanese immigrants — economic aid until he settled accounts with the country's creditors.

De Klerk objects to Slovo in ANC talks

FROM RAY KENNEDY IN JOHANNESBURG

LEADERS of the African National Congress are to meet during the next three days to consider objections by President de Klerk to Joe Slovo, secretary-general of the South African Communist Party, being part of the ANC five-member team that will meet the government for talks on August 6.

Nelson Mandela, the ANC deputy president, will tell him of their decision when he meets Mr de Klerk again in Pretoria on Wednesday. Pallo Jordan, the ANC chief of information, said yesterday that Mr Slovo's inclusion in the ANC team was the main topic discussed between Mr Mandela and Mr de Klerk during a two-hour meeting on Thursday evening.

He added that, despite the current round of difficulties, the August 6 talks were still on course. "There is no reason why they should be in jeopardy," Mr Jordan said.

The ANC national executive held a crisis meeting yesterday to hear Mr Mandela's account of his meeting with Mr de Klerk. Mr Jordan said: "Our deputy president could not accept or reject Mr de Klerk's preferences as Mr Slovo was not appointed by Mr Mandela but by the national executive committee."

"The NEC will, therefore, meet within the next three days to discuss fully our deputy president's report on the meeting and then this will be conveyed to the South African government when he meets them on August 1." Mr Jordan added that President de Klerk had not presented Mr Mandela with a dossier on police claims that hardline ANC/Communist party guerrillas have infiltrated the country to stage an armed insurrection.

Shortly before Mr Mandela was called to Pretoria to meet Mr de Klerk, the president's office issued a statement saying that the ANC national executive did not appreciate

the seriousness of the uncovering of armed cells. The statement added that the government "will determine its further action with due regard to the course of the meeting" — an indication that, from its point of view, if the Slovo issue were not resolved the August 6 talks could be in jeopardy.

Meanwhile, Mr Slovo has lost his voice from a throat infection but officials of the Communist party said yesterday that Sunday's rally in a football stadium outside Soweto, at which the SACP is to be officially relaunched as a legal party in South Africa and its internal leadership identified, would go ahead. This is despite the arrest on Wednesday of Mr Slovo's deputy, Sathyanathan "Mac" Maharaj.

Lieutenant-General Johann van der Merwe, the commissioner of police, has indicated that more arrests involving the top echelons of the ANC and the SACP could be made.

● **Terre Blanche visit:** The leader of South Africa's neo-fascist Afrikaner Resistance Movement (AWB) is due to arrive in London today complete with his khaki-clad bodyguards. Eugene Terre Blanche has been invited to appear on Channel 4's *The World This Week* programme.

A statement by the AWB said: "Mr Terre Blanche therefore has the opportunity for the first time to broadcast direct to millions of people and to communicate to Britain and Europe the truth about the unjust demands of the African National Congress. South Africa's state-controlled radio and television network had never given him the chance, the statement added."

Apart from the ANC, Mr Terre Blanche regards the British as the biggest criminals ever to set foot in South Africa. Of late, though, President de Klerk has become his favourite target.

Pretoria irked by communist links

FROM RAY KENNEDY IN JOHANNESBURG

SOUTH Africa's Communist party, until recently and with the possible exception of Albania's the most stalwart, is tomorrow officially relaunching itself as a legal, above-ground organisation.

A 40-year ban on the party's activities in South Africa was lifted by President de Klerk in February when he also allowed the African National Congress and the Pan Africanist Congress to operate legally.

Mr de Klerk has made it clear in the past 48 hours, however, that the party is not part of his plan for what he calls a new South Africa. Nelson Mandela, the ANC's deputy president, was summoned to Pretoria on Thursday night and told bluntly by Mr de Klerk that the inclusion of Joe Slovo, the Communist party's secretary-general, in the ANC's five-member team for negotiations with the government on August 6 was unacceptable.

On Wednesday the security police arrested Sathyanathan "Mac" Maharaj, Mr Slovo's number two in the largely anonymous Communist party central committee and a member of the ANC's national executive. Mr Maharaj returned to South Africa last month after 13 years in exile and is being detained in connection with an alleged plot to bring hardline ANC/Communist party guerrillas into South Africa to stage an armed insurrection.

At least 40 other members of the two organisations are being held under a law which empowers the police to detain them indefinitely without trial. Both organisations have dismissed the government's claims, and the Communist party said yesterday that its relaunching would go ahead.

All over Johannesburg graffiti invitations urge passers-by to "come to the party". The relaunching is being held at Soccer City, a stadium on the border of Soweto which can hold more than 100,000. It is unlikely that that many will turn up. Only about 80,000 people welcomed Mr Mandela back to Soweto in February.

The main interest, however, will be not the size of the crowd but who will be sitting at the top table. For the first time the Communist party's hitherto clandestine internal leadership is to be introduced to the public. Jeremy Cronin, the party's spokesman, said that the interim leadership group "as we are calling it" would consist of about 24

people. "It will combine existing central committee members as well as a number of activists who are communists and who have emerged over the past 10 to 15 years in the trade union movement and the broader mass democratic movement."

The real power, however, will continue to be in the hands of the central committee in Lusaka, the Zambian capital. According to Mr Slovo, its membership could be identified at a congress in South Africa a year from now.

Mr Mandela will also address tomorrow's rally. Mr Cronin says the ANC leader will make an important policy statement about his organisation's alliance with the Communist party. Mr Mandela is almost certainly not himself a communist, but earlier this week he reiterated that dual membership had existed since the 1920s.

Pretoria, however, makes no bones about doing as much as it can to promote a paring of the ways. In Brussels on Wednesday Remier Schoeman, the ruling National party's chief director of information, told a symposium of the World Anti-Communist League that the Communist party's relationship with the ANC was "essentially a parasitic and totally negative one" and the time had come for the ANC to end it.

IF YOU wanted to commit sacrilege in the America of 1990 it would be hard to do better than insult those two entities which the country holds most holy — the Stars and Stripes and baseball. Roseanne Barr, the actress, managed just that before a national television audience this week, adding another incident to a summer in which the national pastime has been both elevated to the status of high art and afflicted with scandal.

Miss Barr upset the nation when she appeared at a game in San Diego on Wednesday and belted the "Star Spangled Banner" in a high screech, a parody of the opera singers who traditionally render the anthem at the ball game. She had barely got past "the dawn's early light" when the booing started. In response, the portly comedienne spat on the ground and made an obscene gesture, completing a performance that earned her universal wrath, indignant headlines and condemnation



Pony express: a Mongolian horseman distributing election material for the ruling communist Mongolian People's Revolutionary Party to two voters outside the Lenin Museum in Ulan Bator. Mongolia is holding its first free elections tomorrow and the communists, who have governed for nearly 70 years, are expected to keep power easily. New opposition parties hope to gain up to 50 seats of the 430 being contested.

Israel says it has chemical weapons

FROM OUR CORRESPONDENT IN JERUSALEM

ISRAEL has chemical weapons and would use them to defend itself from an attack by Iraq, Yuval Neiman, the Israeli science minister, acknowledged yesterday.

It is the first time an Israeli government official has publicly said that Israel has chemical weapons. The country is also believed to be the only nation in the Middle East with nuclear weapons.

The statement is the latest in a series from Israel in response to threats from Saddam Hussein, Iraq's leader. In a speech in April he said that Iraq possesses binary chemical weapons, which contain compounds that are mixed when detonated to create lethal gases.

He said: "Those who are threatening us with nuclear bombs, we warn them that we will hit them with these binary chemical weapons." He added that if Israel attacked Iraq, "we will make the fire eat half of Israel."

Yesterday Mr Neiman told Israel radio that "in my opinion we have an excellent response, and that is to threaten Hussein with the same merchandise." He also said: "I have no doubt that today we can respond to a threat like this."

Mr Neiman's remarks were taken seriously because of his prominence in Israel's scientific community.

Iraq resumes war of words on Kuwait despite peace moves

FROM CHRISTOPHER WALKER IN CAIRO

IRAQ yesterday resumed its verbal onslaught against the tiny Gulf state of Kuwait less than 48 hours after both sides had agreed to comply with an Egyptian mediation request that all hostile propaganda campaigns cease as part of a reconciliation plan.

A hard-hitting government statement circulated by the official Iraqi news agency quoted a spokesman in Baghdad as warning Kuwait to recognise the "legitimate rights" of Iraq at the talks in Saudi Arabia, at which the oil and territorial dispute between the two Arab neighbours is due to be negotiated.

The harsh language of the

communiqué caused concern in Cairo, where Egyptian officials are masterminding the delicate peace-making process. The statement also emphasised Iraq's view that the meeting in Jeddah was only a preliminary to proper bargaining which would take place later in Baghdad.

The threatening tone of the communiqué followed military moves by Iraq which attempted to intimidate Kuwait by moving a large force of combat troops and tanks up to the disputed border. Travellers said yesterday that there were signs that this was being gradually run down.

Referring to Sheikh Saad al-

Sabah, the Kuwaiti prime minister and crown prince who will be leading his country's delegation, the Baghdad spokesman declared: "It is necessary that the Kuwait prime minister knows that he who comes to meet us should be prepared to wipe out the harm and aggression inflicted on Iraq and respond to Iraq's legitimate rights."

As well as a claim to Kuwaiti land, including the rich Rumaila oilfield that extends two miles across the border, the Iraqis have also demanded compensation of \$2.4 billion (£1.3 billion) for oil which they claim Kuwait stole from wells which are

theirs by right. President Saddam Hussein of Iraq has also accused Kuwait and the United Arab Emirates of losing Iraq revenue of \$14 billion by exceeding production quotas agreed by the oil producers' cartel, Opec.

The Iraqi spokesman was commenting on earlier remarks by Sheikh Sabah that Kuwait would not give in to blackmail. The latest broadside from Baghdad followed claims by Arab and Western diplomats that Iraq had made considerable gains from the bullying tactics it has employed since the dispute flared 11 days ago.

Iraq's statement followed the scaling back on Thursday of a week-long intimidation campaign against Kuwait and was seen as proof that President Saddam was in no mood for compromise, despite the pressure being exerted on him by other Arab leaders.

The Baghdad spokesman claimed that Iraq did not resort to threats or blackmail. His argument followed statements by other Iraqi officials, widely dismissed by Western experts but accepted in Egypt, that its recent troop movements were routine. Regional diplomats said yesterday they did not believe that the dispute would flare again into a military crisis.

Iraq received backing yesterday from its former enemy of only two years ago, Iran, which also indirectly attacked Kuwait for its moderate oil-pricing policies, although it was not mentioned by name.

Travellers shrug off threats

FROM JUAN CARLOS GUMUCIO IN ABDALY, KUWAIT

FOR a country said to be in the sight of at least two Iraqi armoured divisions, Kuwait is a state where the talk of war is to most citizens as uninteresting as the desert landscape.

Not even the many travellers who yesterday crossed this border post 75 miles north of Kuwait City and saw Iraqi armour on the way, appeared to believe that President Saddam Hussein would order his troops down the six-lane highway towards some of the world's most coveted oilfields.

Rumours that the Iraqis have increased their estimated 30,000-strong force a few miles to the north have had no effect. Traffic between Iraq

and Kuwait was normal yesterday and travellers seemed to be amused when asked if they thought a conflict was possible. Hamed, a travel agent who crosses the border often, said that he saw "two or three tanks" six miles north of Abdaly. "There were some soldiers too," he said. "The usual. Nothing new."

A Kuwaiti businessman on his way back from Baghdad said he saw no big deployment of armour, no new roads on the Iraqi side, no noticeable increase of bulldozers and water tanks on Iraqi roads. "All is normal," he said.

In Kuwait City itself it is also difficult to find a trace of

public alarm. Technically, Kuwait's 20,300-strong armed forces have been on alert since the Iraqi military deployment took place more than a week ago, an item that the Kuwaiti press dutifully ignores. But the alert was perhaps the most symbolic move a cornered general can make: first, because Kuwait is no match for Iraq's one-million-man army and, second, Kuwait's rulers are convinced that armed conflict is unthinkable.

No wonder, then, that in Abdaly yesterday the only visible guns were a few Colt 38 revolvers dangling from the waists of bored customs officials.

Shuffle gives Hurd new line-up at Foreign Office

AS FRANCIS MAUDE completed a visit to China and Hong Kong yesterday, the Foreign Office announced that he would be succeeded by the Earl of Caithness. Mr Maude was one of three Foreign

ministers who were moved in the government reshuffle on Monday. He went ahead with his visit to Peking because it was felt essential to improve links without further delay. He is due back today to take

up the office of financial secretary at the Treasury. Others moving on are Lord Brabazon, who goes to the transport department, and Timothy Sainsbury, who joins the department of trade. They are succeeded

by Tristan Garel-Jones and Mark Lennox-Boyd respectively. The new Foreign Office line-up, and the responsibilities allocated to them by Douglas Hurd, the foreign secretary, are given below:



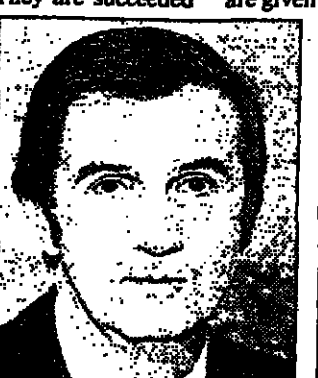
Lynda Chalker: minister for overseas development (unchanged)



William Waldegrave: minister of state (unchanged): East-West, Middle East, defence, arms control, Africa, security)



Earl of Caithness: minister of state (Asia, excluding Indian sub-continent and Afghanistan, Pacific, Foreign Office administration)



Tristan Garel-Jones: minister of state (EC, Western and Southern Europe, economic policy, commercial and trade promotion, Latin America, Falkland)



Mark Lennox-Boyd: under-secretary of state (N America, FCO Public Department, Indian sub-continent, Afghanistan, UN, environment)

A nation gripped by doubt clings to faith in baseball

FROM CHARLES BRENNER IN NEW YORK

IF YOU wanted to commit sacrilege in the America of 1990 it would be hard to do better than insult those two entities which the country holds most holy — the Stars and Stripes and baseball.

At least 40 other members of the two organisations are being held under a law which empowers the police to detain them indefinitely without trial. Both organisations have dismissed the government's claims, and the Communist party said yesterday that its relaunching would go ahead.

At least 40 other members of the two organisations are being held under a law which empowers the police to detain them indefinitely without trial. Both organisations have dismissed the government's claims, and the Communist party said yesterday that its relaunching would go ahead.

from guardians of American morality. "It was worse than burning the flag," said USA Today.

Although Miss Barr makes her living out of irreverence, she chose the wrong subject because America has seized on baseball over the past year as a metaphor for everything that the country still does best at a time of national self-doubt, and this year, rout at the hands of the soccer-playing world.

As a reminder of its pre-eminence, the national team demolished the first Soviet national side 17-0 in Seattle on Thursday. But super-power baseball did present a challenge for the commentators who had to keep up with a pitcher named Ilya Bogatyrev and a hitter called Ilya Onokhov, nicknamed *Pileos*, or the Vacuum Cleaner.

Just as nostalgic Englishmen view cricket as a mirror for the national character, baseball is being celebrated in countless books and films as the expression of the American soul. While the rest of the world wallowed in soccer mania, America harked back in film and television to

a golden age where the big-hearted "boys of summer" achieved epiphany on long, Tom Sawyer-like afternoons.

First in the mystical genre came *Field of Dreams*, last year's Hollywood hit starring Kevin Costner. This year the intellectuals have reached for Stendhal, Dante, even Aristotle in their baseball meditations. Take, for example, George Will, the cerebral conservative commentator. In *Men at Work*, the best-selling book for several weeks, Mr Will says: "Proof of the genius of ancient Greece is that it understood baseball's future importance." Mr Will has also added a new tenet to the religion: "There is no such thing as baseball trivia."

Then there is the late Bartlett Giamatti, renowned Renaissance scholar, president of Yale University and national baseball commissioner until his sudden death a few months ago. His posthumous work, *Take Time for Paradise*, likens baseball to the antics of the ancient gods. He sees the game as "a work of art, its rules setting it apart from

ordinary chaos". One wonders what the man with the hot dog and can of Budweiser would make of this review of the book: "Mr Giamatti's distinction between necessity and freedom is correct as far as it goes. It was of course anticipated in Henri Bergson's essay on comedy." Among the top-selling coffee-table offerings is *The Art of Baseball*, which uses the sport "to survey the many styles and schools of art".

To complement the new intellectual mantle, New York state has just allowed wine to be served at the ballpark, a step which has evoked some grumbling from the old hands. Joel White, a manager of the Bronx Bombers, complained: "I wouldn't even know how to serve Chablis. Chilled, right?"

But this year's reverie has been interrupted by more than Roseanne Barr. Two ugly episodes have reminded the country that the godlike "boys of summer" sometimes succumb to mortal vice. There was the sorry saga of Pete Rose, the manager of the Cincinnati Reds. Mr Rose, or Charlie Hustle as he was known in

his playing days, was a much-loved hero who still holds the record for total hits. He fell from grace when it emerged that he had committed the sport's cardinal sin — betting on your own team. He was banned from baseball for life and convicted of failing to report over \$300,000 (£166,000) in income from gambling. Last week he was sentenced to five months in prison. There was not a dry eye in court when a contrite Mr Rose told the judge that the worst punishment was hearing his son come home from school and say "my daddy's a jailbird". No aura of affection surrounds George Steinbrenner, the owner of the New York Yankees, caught paying \$40,000 (£22,000) in extortion money to a notorious gambler.

Despite the troubles, everyone is convinced that Americans will stick with baseball rather than watch soccer when the World Cup comes to the country in 1994. Americans like sports that require "thought and nostalgia or speed and violence" and soccer fits neither bill, said the *Boston Globe*.

Colony's liberals denounce fines as political

FROM JONATHAN BRAUDE IN HONG KONG

FIVE leading Hong Kong liberals yesterday were found guilty of using loudhailers and collecting funds in public without permission. They immediately denounced the trial as a carefully targeted political attack by the government, and in protest said they would appeal, refusing to pay the token fines of \$HK150 (£10.70) imposed under a little used clause of the 1933 Summary Offences Act.

Failure to pay the fines involves considerable risk to their political careers, because of laws which ban anyone sentenced to more than three months' imprisonment for a criminal offence from standing for election. The magistrate could either sentence them to a short prison term, or bring the more serious charge of contempt of court involving a longer sentence.

The five, dismissing the government's argument that they were tried for offences against public order, said that the law was being abused "to regulate the political content of public speech".

Although the pro-democracy sit-in where the loudhailers were used took place in February, the charges were not brought until May to the run-up to the anniversary of the massacre of pro-democracy students in Peking's Tiananmen Square. Liberals here said the government's move was "an attempt to show Peking that it would not tolerate anti-Chinese subversion in Hong Kong."

Yeung Sum, the vice-chairman of the United Democrats of Hong Kong, who is among those convicted, said: "The reason is not to control public order. The reason is to silence those who express their political opinions in a peaceful and orderly manner."

In a joint statement, the defendants said: "We are being prosecuted not for the use of loudhailers but for the political messages we broadcast through the loudhailers." Alistair Asprey, the Hong Kong security secretary, recently said that the government intended to retain the loudhailer laws.

Army puts off change in Burma

RANGOON — Burma's army rebuffed yesterday on promises not to interfere in the process of forming an elected civilian government, saying they must first approve a new constitution.

The constitution would still be drawn up by the elected national assembly as originally agreed, a spokesman for the ruling Military Council said. The assembly's constitution must conform to guidelines to be laid down by a special army-appointed "convention".

It would have to be put to a referendum before the opposition — victors in elections last May — would have an opportunity to take power.

The announcement confirmed that the elected parliament would not be allowed to form a government yet and that the army would demand a central role in drafting a constitution. (Reuters)

Quebec gesture

OTTAWA — The Quebec government has ordered provincial police to lift their unofficial food blockade of two native Indian settlements in the Montreal region (John Best writes). The move may help pave the way to a resolution of a land dispute at Oka that has kept the police and Mohawk Indians in an armed confrontation for two weeks.

Soviet links

SEOUL — South Korea and the Soviet Union will hold their first round of formal negotiations in Moscow next week with the goal of establishing diplomatic relations, the foreign ministry announced yesterday. Officials said the two countries may be able to establish ties this year. (AP)

Last moa egg

AKELAND — One egg from the extinct moa bird remains worldwide after the only other one has been destroyed in an accident. Moas, which were flightless birds about 10 ft tall with flat breastbones and inhabited New Zealand, have been extinct for over 500 years. (AFP)

Officers for trial

CANBERRA — Four officers from a Royal Australian Navy frigate which hit a rock off Hawaii in May are to be court-martialled, the defence department said here yesterday. It added that the officers would appear before a general court martial on August 10. (AFP)

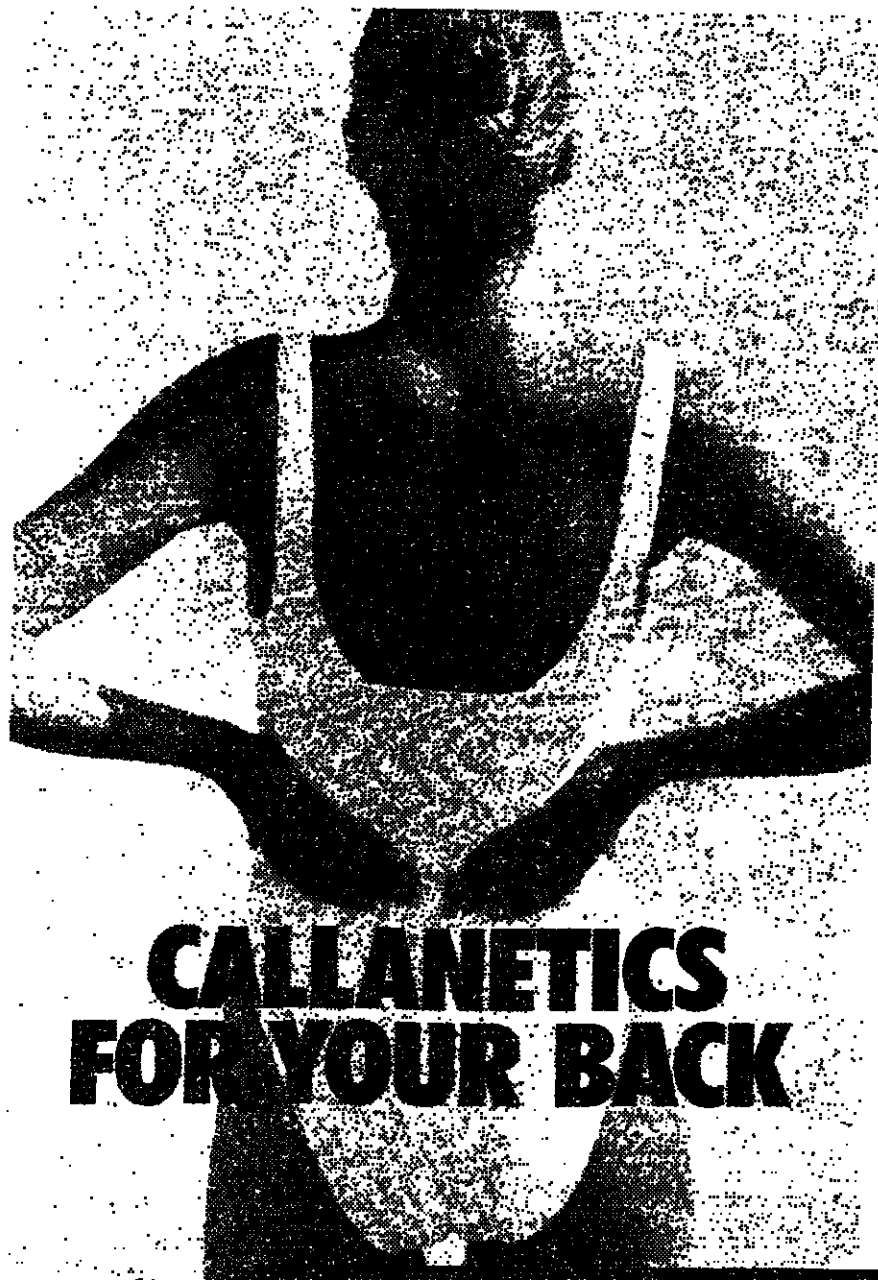


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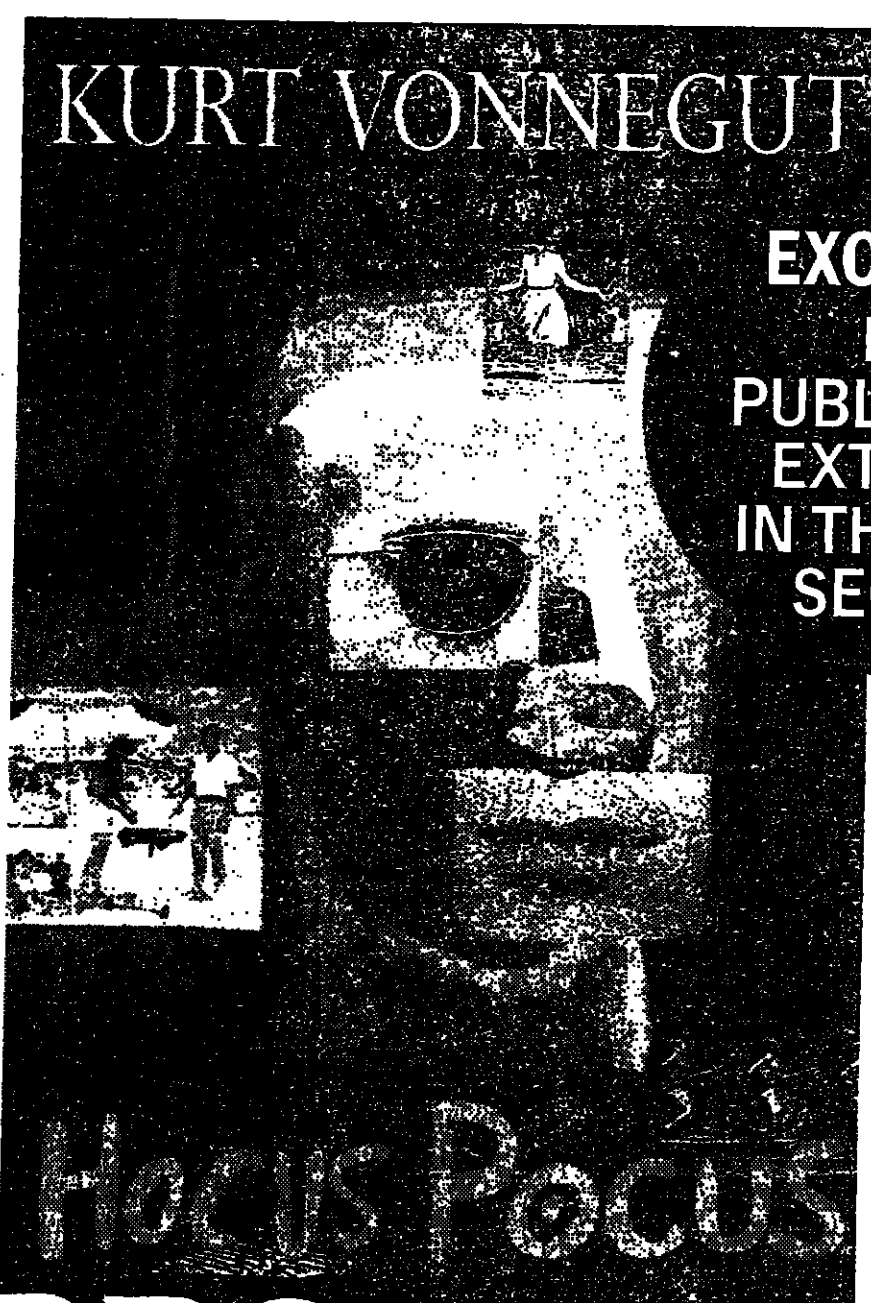


The Queen Mother: a Portrait Gallery

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TOMORROW

Carey on the scales

Clifford Longley

On Wednesday afternoon the BBC wanted to know whether he will be "a good archbishop". "Well," I said, realising it was both an impossible question and the whole point of the interview, "perhaps."

What is a good Archbishop of Canterbury? Would an atheist think a bad archbishop was one who believed? A Catholic, one who did not accept the papacy? Good for whom? Good for journalists? The appointment of Dr George Carey to succeed Dr Runcie will be good for those who believe in women priests, because he strongly does, but not good for those who do not. There are no answers, only opinions.

Behind the assumptions in the question lies a heap of other assumptions, all undeclared, chief of which is that there is a clear and agreed role for the Church of England in our society by which a new leader can be measured. Paradoxically, what has most often been said about Dr Carey so far is that he may help it to find such a role, which must mean that the ruler to measure him by has not yet been fashioned. John Wesley was a good Methodist — perhaps. Was Christ a good Christian?

A good archbishop presumably means one capable of leading the Church of England in the successful fulfilment of its purposes, which must include the saving of souls. Aside from those who hold a hard doctrine of "assurance" (which everyone else regards as a doctrine of presumption or spiritual conceit), there is no way of knowing for sure whether the Church of England or any other church saves any souls at all, or whether Dr Carey's presence at Lambeth Palace will, by the time he finishes, have increased or reduced the proportion.

The means to this invisible purpose is the more visible one of preaching the gospel, and here it is a little easier — but not much — to judge the Church of England's performance and an Archbishop of Canterbury's contribution. However, the gospel is no simple package. Its contents have never been beyond dispute.

Those who have been most critical of the Church of England's record in the 1980s accuse it of having laid aside the gospel in favour of left-of-centre politics or for social and moral fashion. But for many members of the church, identifying with the poor is part of the gospel, and they have biblical texts to prove it. For many, tolerance towards homosexuals or the cause of female equality with men is of the essence of the justice for which the gospel calls. For others such attitudes are a great betrayal — who is to say?

Those who call most often for a return to doctrinal certainties cite the Bishop of Durham as the archbishop of doubters, but it is just as likely that he is a man of deep faith who wants to present

the gospel in its most credible form, without what he regards as its miraculous red herrings. He claims to be a better evangelist than those who insist on obscuring the true message with lots of false ones; his critics retort that without miracles there is nothing to preach — again, who is to say?

The commonest assumption among those who have abandoned the faith and practice of Christianity in their own lives is that there is still such a thing as "ordinary" Christianity out there somewhere. The next most common assumption is that it is a good thing, in some generalised sense, so long as they can get on with their own lives and ignore it. So it would be good, the editorials in Thursday's newspapers seemed to be saying, if Dr Carey could reverse the apparent decline in that ordinary Christianity, and persuade more people — though not the writers themselves — to believe in it.

They are fooling themselves, of course; projecting their own memories and expectations of whatever version of Christianity they were most familiar with before they decided it was not for them. This projection, naturally, has scant resemblance to the present Church of England, so Dr Carey's task is to start from here and get back to wherever that was. Well, a bad archbishop is easier to define than a good one, and one who followed this advice would be crazy.

The criteria of competence, intelligence and maturity apply to any leader, and may be applied to an Archbishop of Canterbury too. More relevant is the criterion of holiness, which is not quite so subjective as it may sound — that Francis of Assisi was holy, for instance, is not simply a matter of opinion — but as with the saving of souls, only God really knows.

The only question which makes any sense is whether Dr Carey can be utterly true to his beliefs, whatever they may be. There is a certain authority that comes from complete spiritual integrity, which is more to do with the way a man looks you in the eye than with his opinions, more to do with the quality of his prayers than the quality of his thoughts. If it is meaningful to talk of institutions in such a way, then this quality — which is spiritual rather than doctrinal — is one the Church of England needs more of, for it is a quality valuable in itself, regardless of its impact on society.

The more Dr Carey can persuade the Church of England to leave its future to providence and to concentrate on the rebuilding of its inner spiritual life, the better a church it will be, and the better an archbishop he will be. The creed offers four marks of the true church, that it is one, holy, catholic, and apostolic. We have heard much quarrelling about the first, third and fourth, but too little about the pursuit of the second since the days of Michael Ramsey. Now he was a good archbishop.

...and moreover

MATTHEW PARRIS

It is well known that houses can be haunted. Individuals too, can be dogged by a kind of supernatural ill-fortune. But it occurs to me now that an entire department of state can be spooked. So I warn Peter Lilley, the new secretary of state: the department of trade and industry is haunted.

And Mrs Thatcher wonders how to rescue the British film industry? Yet before her is a whole new concept in cinema: the political horror movie. This film could sweep the world: *Nightmare on Victoria Street*.

Already the wall-posters swim into vision. Stark against a lurid sky, the awful concrete and glass structure of the DTI looms from the asphalt, drawing up its skirts from a mess of graffiti, litter-strewn kerbs, orange streetlights and dying trees in pots. At its filthy plate-glass doors stand wilted rubber plants and yellowing ornamental figs, while across a faded card inscribed "All security passes must be shown" has been scrawled "Please use other entrance. All enquiries, please ring the monopolies commission".

Imposed on this backdrop is the huge, blurred image of Mr Ridley's face — or is it Lord Joseph's? — transfixed in tortured rage. The phantom-like figures of the Al-Fayed brothers flit from the windows, while a Harrods van races from the scene. Norman Tebbit is hiding in the alley.

Other scenes and images adorn the margins. From a door marked "European Commission" the figures of 14 reject politicians, one with the head of Lord Brittan and the body of Lord Harewood, pursue the directors of British Aerospace towards the horizon. A grotesquely fat brewing giant cackles as he rips into a monopolies commission report. He is sitting on Lord Young's head.

In the foreground, above a dismembered section of Iraqi supergun, a Westland helicopter is spiralling down, flames pouring from its tail as Michael Heseltine in an off-the-shoulder leopard-skin pelts it with nuts and bolts. An *Evening Standard* placard screams "Rover sale to General Motors off — official"; but "General Motors" has been scored out and variously re-

placed with "Ford", "BAE" and other names; "off" has also read "on" and "in the balance"; and after "official" the word "leak" has been inserted, and, after that, "denied".

An intriguing vignette in one corner pictures Mr Ridley throwing what appears to be a lawn mower at the monopolies commission, only to have it thrown straight back at him. Whether it is this he is ducking, or a cat marked "Dixons/Kingsfisher" leaping from a bag marked "premature disclosure of report" is not clear.

Smaller, wraith-like figures crowd the edges. A sepia-tinted representation of Mrs Shirley Williams sticks a red plastic triangle to a shop-window, pointing with an embarrassed smile to a leaflet: "Government's voluntary price-check scheme". Shopkeepers and housewives are laughing at her. Behind her, a building marked "Price Commission" burns fiercely as a man whose lapel-badge reads "Arthur Cockfield" (with "Arthur" replaced by "Lord") leaps from the first floor, to bounce off an ermine-lined trampoline in a direction signposted "Brussels". In mid-air he seems to be trying to wave goodbye to Mrs Williams and pin on a blue rosette. All is confusion.

Easier to understand are the figures of the Queen, in her crown, chasing a junior minister resembling Eric Forth in a burglar's striped vest, carrying the Royal Mail under his arm. It looks as if she has apprehended him just in time. Mrs Thatcher, at the wheel of the getaway car, wearing a stocking mask, glares in mute fury at the Queen.

Beneath the poster is written: "They blamed it on Keith. They blamed it on Norman. They blamed it on David. And then they blamed it on Nick."

"Could nobody see the truth? Could nobody see that these men were victims? Helpless playthings of an office block whose very walls breathed chaos. A department inhabited by mischief, with an evil all its own. Four lives wrecked, four reputations shattered. Will Peter be the fifth?"

"Nightmare on Victoria Street. See it! Feel it! But never, never touch it."

Mary Dejevsky in Moscow on the question the West must ask as Gorbachev's isolation grows

Should we help Yeltsin instead?

A stream of western visitors has been passing through Moscow — and will continue throughout the summer — with one question on their minds: should we help Gorbachev? For five years, the question could be answered "yes", "no", or "on certain conditions". Gorbachev was the unchallenged leader of the Soviet Union, and the Soviet Union was an integral whole.

Now, however, the question can be posed in different ways. Should we help Gorbachev or someone else? Should we help the Soviet Union or its constituent parts? Since the election of Boris Yeltsin as president of the Russian Federation in May and declarations of sovereignty by seven of the 15 Soviet republics, there has been more than one credible leader in the Soviet Union, and now the country is close to economic, if not political, disintegration.

When Lithuania declared independence in March and the other two Baltic republics said they would follow, the United States declared openly that it would not recognise the self-proclaimed new states. Privately, the US and others let it be known that they feared the consequences for President Gorbachev if they

were seen to support the beginning of a break-up of the Soviet Union. Faced with a choice between Gorbachev and Baltic independence, they chose Gorbachev.

That decision was questionable then on the grounds that an unelected leader was being given precedence over the democratic choice of a once independent state; it is even more questionable now. Dissatisfaction in all the Soviet republics, including the economically dominant Russian Federation, means that Mr Gorbachev's power is circumscribed.

The central leadership has been unable to enforce any but the most tenuous Soviet rule in the Caucasian republics of Armenia and Azerbaijan, Georgia and Moldova have *de facto* control of their own affairs. Violence has not abated in the Fergana valley, where Uzbeks and Kirghiz are fighting for control of land, and Moscow appears almost to have given up trying to stem it. In the spring, the central Asian republic of Uzbekistan halted all exports of fresh food and consumer goods, and Moscow was powerless to act.

Lithuania just managed to survive the Soviet economic embargo. If it had had international recognition, or even financial

support, its troubles would have been vastly reduced. The same applies several times over to the Russian Federation, which has more than half of the Soviet Union's population, 90 per cent of its oil, 70 per cent of its gas, earns 80 per cent of its hard currency and in Boris Yeltsin has a strong and popular leader.

Mr Yeltsin is fashionably regarded as between a blustering bluff and a demagogue, and the current Soviet leadership has done nothing to dispel this image. Less clear is why the West, and in particular the US, should have adopted this view uncritically. During the Washington summit, soon after his election, American coverage of the Yeltsin phenomenon was almost entirely negative. There have recently been signs that he is being taken more seriously in America, but the popular view is still dismissive.

Mr Yeltsin may be an irresponsible demagogue (though the evidence against this increases by the week), but he has competent and free-thinking economic advisers whose ideas, in many respects, are far ahead of the tentative and ever-changing economic reform programme proposed by the Soviet government. They include some

features that the central programme signally lacks: a timescale (500 days) against which success can be judged; an understanding that a 45 per cent tax rate is not the way to encourage foreign investment; a sense of vision that includes long-term leasing of fallow agricultural land to foreign companies, and the building with foreign help, of a trans-Russian motorway with investment concessions along the route.

Some argue that President Gorbachev privately welcomes the Yeltsin ideas and wants to exploit them to accelerate the central reform programme, but it is not at all clear that he and the Russian Federation are moving in the same direction. The central government cannot afford to sacrifice control of mines, oilfields and banks in the Russian Federation, as the Russian parliament proposes, without securing revenue for itself in the form of taxes or substantial shares in the profits. That could make the centre and the republics make otherwise viable, economic reforms unworkable.

If an economic conflict between the centre and the Russian Federation were to develop, the West would be presented with a dilemma of a completely different

order from that presented by the conflict between Moscow and Lithuania. The would-be antagonists are more evenly matched, and the conflict would concern control of the economy in the dominant part of the Soviet Union (although it would not be about political independence, because Mr Yeltsin says he has no intention of taking the Russian Federation out of the USSR). Washington has indicated that it will not consider separate economic assistance to the Russian Federation or any other individual Soviet republic because it deals only with national governments. With the right programme, however, the Russian Federation might attract commercial credits on advantageous terms.

So the question arises whether Moscow would tolerate loans to a single republic, for use in that republic alone, and whether western financiers accept that help for the Russian Federation might breathe life into an otherwise bankrupt empire. As the economic analysts descend on Moscow, they are finding that the question they have come to answer — should we help Gorbachev? — has become much more complicated, and the answer much more elusive.

Learn to love the paint, not the ink on the price tag

On the centenary of Van Gogh's death, Richard Cork warns that to think in investment terms will hurt young artists as markets turn sour

On July 27, 1890, Vincent van Gogh borrowed a revolver on the pretext of shooting some crows. Then, in the countryside near Auvers-sur-Oise, he turned the gun on himself. Tomorrow marks the centenary of the melancholy day when, after 48 hours of agony, he died in his brother Theo's arms.

At the time, only one of his paintings had been sold, even though Theo, who was devoted to Vincent's art, worked for one of the most important dealers in Paris. The contrast between Van Gogh's penury and the stratospheric value of his pictures today (a record \$53.9 million was recently paid for his "Irises") is grotesque, but do young artists fare any better now than they did 100 years ago?

In commercial terms, their position compares very favourably with the hapless Vincent. Many artists, even at the beginning of their careers, have no difficulty in finding a ready market. Take 25-year-old Shona Barr, who graduated from Glasgow School of Art in 1988. Her works have been included in 20 shows over the past couple of years, and every exhibited painting has been sold. Her first solo exhibition, at the Flying Colours Gallery in Edinburgh last year, was such a success that extra pictures had to be brought in to meet the demand. In October, Gallery 10 is to stage her first solo exhibition in London, and naturally it is confident about finding buyers for the 30 new works she will display.

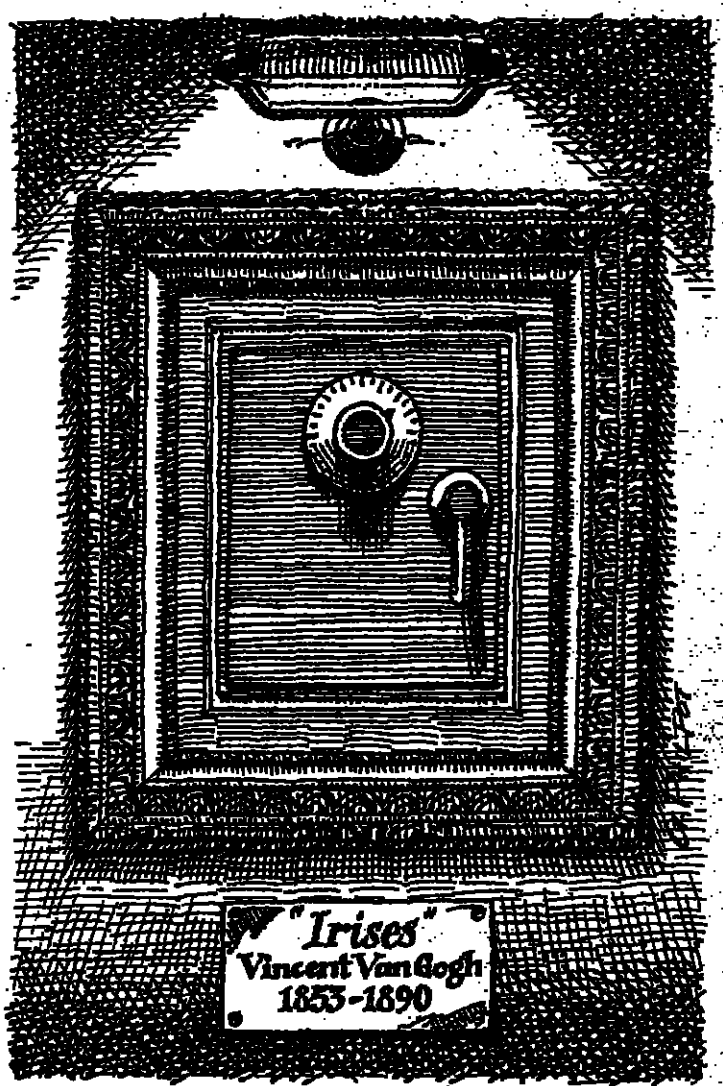
In today's bullish market, Barr is hardly exceptional. Many ambitious young artists aim to sell their works for several thousand pounds each soon after leaving college, and have no hesitation in turning down modest offers from impoverished devotees in search of bargains. The days when an early Hockney could be bought for £50 are long gone, and dealers are

prepared to push prices far higher and more quickly than they would have dared a decade ago. Some buyers regard all cheap work with disdain, and Charles Saatchi built up much of his phenomenal collection by bulk-purchasing entire exhibitions by the artists he liked.

Once the investment potential of modern art became evident in the 1980s, corporate buying began to take hold in Britain. City firms which previously would never have dreamt of acquiring art suddenly started buying in earnest. Dealers began operating under names like Business Art Galleries, and paintings in offices became *de rigueur*. A headquarters with empty walls was thought to be culturally embarrassing. Boardrooms and other prestige suites were the first to benefit from this new outlook, but ever-rising prices in the salerooms prompted companies to regard art collecting as a shrewd way to make money as well.

Although some businessmen persisted in regarding art as a needless extravagance, they found themselves outvoted by equally hard-headed colleagues who pointed out that a collection could be sold at a financially advantageous moment in the future. When William de Kooning's boisterous "Interchange" was auctioned for \$20.7 million last year, it set a new world record for a living artist. The price appeared to prove once and for all that really large sums of money can settle on work that has not been safely sanctified by time.

Since then, however, prices in the major salerooms have failed to escalate as fast as some pundits predicted. Even the Impressionists no longer appear to be multiplying in value, and the beleaguered Alan Bond was obliged to sell Van Gogh's "Irises" disconcertingly soon after buying it with the help of an auction house loan. Word also got around



that Saatchi was offloading part of his collection. Artists whose bankability had soared when Saatchi first acquired their work now found, to their understandable chagrin, that they were suddenly regarded as rejects.

As a result, the unacceptance of the art boom is now beginning to be manifest. No young artist relishes the prospect of instant acclaim if it can so rapidly be succeeded by disfavour. While footballers must hope for no more than a brief period at the top of their profession, painters ought to enjoy long and increasingly fruitful careers. After all, many artists in the past produced their finest work in old age. Why

should their counterparts today be made to feel at the age of 30 that their best years are behind them? The ensuing bitterness might easily have a deleterious effect on their work.

At the moment, this malaise is in an early stage and can easily be overlooked, but I am afraid that it will burgeon into an epidemic unless attitudes change. At heart, we need to move away from the corrosive notion that buying art is tantamount to making money. If collecting is seen solely in terms of its potential for profit, there is bound to be disillusionment when financial expectations are not met. In the long run, the work of only a few artists will appreciate as

spectacularly as the corporate buyers hope. History teaches that no generation produces many outstanding painters or sculptors. Artists of the first rank have always been rare, and their less talented contemporaries can hardly be expected to provide speculative buyers with heady dividends in 10 or 20 years' time.

The truth is that an unequivocal love of art is the motive of every collector worthy of the name. Works should be bought to be cherished, not because they may be a ticket to early retirement. If the acquisition of art always arose from a passion for the image, as opposed to its commercial potential, the whole system would have much firmer foundations.

Is there any hope of such a change occurring? It is impossible to tell. But this weekend is an apposite time to remember how Van Gogh defined his aims. Although he was regarded by many in his own day as an incomprehensible revolutionary, he set no limit on the number of people who might understand and come to love his work. In a moving letter to Theo, he once explained: "I would like to paint in such a way that everybody, at least if they had eyes, would see it." The eager visitors now thronging his centenary exhibition in Amsterdam and Oosterlo prove how triumphantly he has fulfilled this ambition.

Despite his failure to sell his work during his lifetime, Van Gogh would have loathed the thought of it becoming the exclusive preserve of investment-conscious plutocrats. There was a moment to be cherished near the end of the recent, sporadically Pythonesque *Omnibus* programme about him. He is shown traipsing through a field with some newly completed canvases, and encountering a modern Japanese businessman who makes him a breathtaking, mega-million offer for his "Sunflowers". Van Gogh pauses, scratches his beard and asks who will see the painting afterwards. Five members of the company's board, comes the reply. Vincent snorts, turns down the offer and resumes his lonely trudge home.

The author is Slade Professor of Fine Art at Cambridge University.

Cavalier treatment

Peter de Savary's £25 million plan to turn his Littlecote Tudor mansion, Littlecote House, into a hotel, conference centre and country club with golf course and polo park, has raised a question mark over the future of the world's finest collection of Civil War armour.

Five years ago, when de Savary was negotiating to buy the estate, which includes the remains of a Roman villa, the Royal Armouries at the Tower of London raised £380,000 — of which £50,000 came from J. Paul Getty Jr — to preserve the magnificent 275-piece collection for the nation.

The armour of the Littlecote garrison, raised against the King by Colonel Alexander Popham, fills the 40ft great hall of the 600-year-old house. But de Savary's proposals mean the collection may have to be moved from its historic home. Some 250,000 people from all over the world visit the house each year, but public viewing will be severely restricted by the commercial scheme. Peter Hammond, deputy master of the Royal Armouries, says: "The value and historic significance of the collection depends on it not being broken up. The ideal solution is for the collection to stay where it is. We want it to be preserved for the nation at Littlecote with full access to the public." Peter Johnson, general secretary of the Roman Research Trust, which has been excavating the Roman site since 1978 and has uncovered the finest

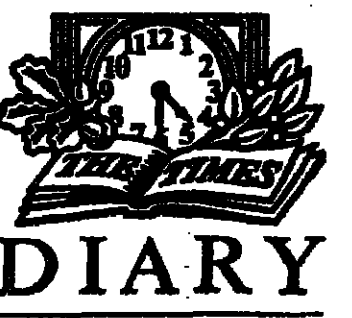
Roman mosaic in Britain, says: "It would be tragic if educational visits came to an end."

De Savary has promised to abide by strict guidelines to preserve the archaeological remains. Work may start next year on the project, which he hopes will become the Glencoe of the South. His spokesman says: "It's a matter of taking each problem as it arises and seeing what solutions can be found."



Panel games

As part of the BBC's commitment to the regions, *Question Time* is preparing to join the likes of *Mastermind* and *The Antiques Road Show* in touring the country when the new series begins in the autumn. A roving show creates a special atmosphere in the audience, says presenter Peter Sissons. "The programme is a national institution. We owe it to the people who take part." In the 11 years since it first went out, *Question Time* has been able to rely on a steady supply of talkative politicians who could reach the London recording



venue from Westminster in a matter of minutes. But how many MPs will be available in Edinburgh, Cardiff, Belfast or Milton Keynes? Liberal Democrat MP Simon Hughes predicts: "People will pull out at short notice because they are needed in the Commons."

No problem, says the expense-no-object BBC. A helicopter will be available to ferry panellists from London to the regional venue, and when the show clashes with a three-line whip it will be rescheduled. Looking further ahead, and afield, Sissons hopes to take the programme to the continent, though he confesses that will be tricky. "We will have to assemble an English-speaking audience and an English-speaking panel," he says. Sometimes it's hard enough in London.

Closer harmony

Given Nicholas Ridley's raising of Teutonic hackles, few Tory MPs could expect to stand on a platform in Berlin and be cheered by a crowd of 10,000. But that is Edward Heath's confident expectation. He will, admittedly, be there today in

his musical persona — to conduct the West German radio orchestra in an open-air concert, in Ludwigsburg, in the eastern part of the city. The concert, entitled *Aspects of Europe*, by Greig, Dvořák, Tchaikovsky, Elgar, Offenbach and Strauss. Heath will, however, use the occasion to mend fences over the Ridley affair. With no love lost between the two men, he says bluntly: "Someone has to do something for Anglo-German relations."

Ridley, meanwhile, has been responding to the hundreds of letters he received expressing support and sadness at his resignation. Not a man preoccupied with what others think of him, he is using not his own or House of Commons notepaper but headed notepaper of the department of trade and industry. Poignantly, the official headings are scrawled through in ink.

Gone to earth

As the arts world searches ever more eagerly for sponsors, fundraisers would do well to note the names of Mr and Mrs Francis Hoch. The other day the new Arts Council general secretary, Anthony Everitt, let slip at a press briefing that the Hochs are behind last year's £1.1 million gift to fund the Arts Foundation's contemporary art programme. "First we received a letter from the Hochs' legal representative in Switzerland last year," says a spokeswoman for the Council. "Then we received a cheque from an address in the Virgin Islands." But all efforts to trace the Hochs to thank them proved fruitless, persuading the Arts Council that it

would be better to announce the donation as anonymous.

Pseudonymity might be the more appropriate word, since none of the staff can say with certainty that the Hochs, under that name, do in fact exist. Is there some philanthropic wish there happy to give seven-figure sums away but too shy — or afraid of an avalanche of begging letters — to proclaim the fact?

Lordly sums

With Westminster shutting down for ten weeks, the Commons' end-of-term joy is not shared by many upper house colleagues. Unlike MPs, who receive 12 monthly pay cheques per year, peers are paid only when the Lords is sitting. For those peers, life and hereditary, dance allowance, it will be a long, impoverishing summer.

A Westminster source calculates that each month about 400 peers claim the daily £49 fee. Backwoodsmen with no London pad can also claim a maximum £64 overnight allowance.

There has long been a discreet campaign to obtain a better deal. Sir Geoffrey Howe's announcement that sacked government ministers will in future be entitled to give it impetus. But how many peers need the Hirsels, a former Conservative prime minister, can hazard a guess. "Peers don't usually talk about their finances to one another," he says from his well-endowed Scottish home. "There are some who are feeling hard up, but I don't know any."



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JUDGING BRITAIN'S PRISONS

There is no bigger disgrace to Britain than its prisons. The time has come to end the squalid collusion between the authorities and public opinion which has allowed the British way of incarceration to continue so little changed since the last century. The condition of these prisons should be seen for what it is, an offence to the conscience of the nation.

By chance, Britain's name was one of the first to be drawn out of a hat for inspection under a new European Convention "for the prevention of torture" - drawn up under the auspices of the Council of Europe - which deals with conditions of imprisonment. As a result, a small team of inspectors is about to begin an examination of British prisons and other places of detention. The inspectors will prepare a confidential report to the international committee which administers the convention. That is the limit of their powers.

If the inspectors do their job properly it should be a scathing document. Unfortunately the British government has the power to prevent its publication. The least the Home Office can do now is to say straight away that whatever the report's contents, the public should know what the inspectors find. Given that they will see prisoners crammed three to a cell sometimes for over 20 hours at a stretch in cells which the Victorians considered fit only for one, sharing sanitary facilities consisting merely of a bucket, their report can hardly be flattering. Many of these prisoners have, as yet, been convicted of no offence and are merely remanded in custody while an inefficient judiciary conducts a leisurely process of "justice".

There is, of course, no official policy of torture in the British penal system, understood as the deliberate infliction of physical pain. Once the full title of the convention under which the inspection is to take place is spelt out, however, a more relevant implication can be detected: "the European Convention for the Prevention of Torture and Inhuman and Degrading Treatment of Prisoners." There is certainly a de facto acceptance of inhuman and degrading treatment, which the public tolerates, even appears to condone. But successive governments, sensing a vengeful public

mood, have judged their spending on prison building and modernisation accordingly. The programme is a large one, over £1.2 billion over ten years, even if nothing like as large as the public would demand if its conscience was properly aroused. But judges seem intent on filling up every prison space as soon as it is available, and magistrates on packing in ever more remand prisoners even though a large proportion of them will not receive custodial sentences at their trial. Judges and magistrates particularly must carry a major share of the blame for the overcrowded state of the British prison system.

Few have been as outspoken as the Home Office's appointed watchdog, the Chief Inspector of Prisons, Judge Tumm. "Imagine the smell" he once remarked, referring to the effect of locking prisoners in together, with nothing but a bucket. He has repeatedly characterised the overcrowding and lack of sanitation, and the practice of slopping out - the sluicing away of the contents of those infamous buckets - as humiliating and degrading. This virtually amounts to a plea of guilty under the convention even before the inspectors have begun their work.

Judge Tumm is even more alarmed by the total emptiness and boredom of prison life. To have nothing meaningful to do for a year or two, on top of all the other petty indignities of the prison regime, must be considered degrading and inhuman. How this is intended to "reform and rehabilitate" an offender, as is the declared purpose of the prison system, is a mystery. If prisoners are treated inhumanly, when they come out they will treat others inhumanly. Bad prisons cause crime.

Not every British penal institution is as dreadful as the worst. But in few countries in the world can the best and the worst be so far apart. Lord Justice Woolf's enquiry into the origins of the Strangeways riot should by itself be a major contribution to the evolution of British penal policy. But if that is not to be a wasted opportunity he will need the backing of an authoritative outside voice. The European Convention inspectors could not have come at a better time. Their report should be published, uncensored.

CASTRO'S OUTWORN CREED

Fidel Castro has survived five assassination attempts and an invasion, and outlasted seven US presidents and a long rollcall of Latin American dictators. This has convinced him, to the exasperation of Soviet officials, that he can outlive history. Nicaragua's Daniel Ortega and Tanzania's Julius Nyerere, the guests of honour sitting through his three-hour Revolution Day harangue on Thursday night, may be yesterday's men, but Castro classes them, with Che Guevara and himself, as heralds of a socialist millennium whose advent has merely been delayed by events in Eastern Europe.

The only millennium Castro can actually offer Cubans is that of a siege economy. This he did with his usual vigour on Thursday, spitting the world in the face, especially the United States, but also the handful of Western countries still trading with, and aiding, his fortress state. Their patience has been frayed by the occupation of their Havana embassies by refugees and a liberal sprinkling of Cuban agents. "Confessions" followed on Havana television that the whole thing was a US plot to destabilise Cuba, abetted by Canada, West Germany and Czechoslovakia. Spain was attacked as an "archaic colonialist" for calling for a peaceful transition to democracy. The Spanish foreign minister duly recalled Spain's ambassador and suspended aid. Castro cares not whom he insults.

Instead of using the occasion of Cuba's revolutionary festival, as expected, to mend fences, Castro told Spain to keep its filthy lucre and challenged Western countries to hand out visas to Cubans wishing to emigrate. Just as the political reforms he announced in February turned out to be aimed at perfecting Leninist control of society, this new offer is unlikely to open Cuba's doors as wide as in 1980, when 125,000 Cubans embarrassingly fled the socialist paradise. His speech warned Cubans, one in ten of whom are thought by the Americans to want to live in the United States, that the outside world did not want them.

"Socialism or death" is the slogan plastered on Cuba's walls, and Castro pledged to "continue to build socialism" even if the Soviet Union "disintegrated or even disappeared". Cubans are wondering, with what

bricks? Everything is in short supply, from oil needed to harvest sugar (Cuba's main export) to grain, clothes, buses, fridges and spare parts for factories - signs of the collapse of the foreign mainstays of Cuba's inefficient command economy. The government is betraying signs of panic: earlier this year, an experiment in autarky was tried in Pinar del Rio province, substituting wood for electricity in furnaces, and replacing tractors with oxen.

Cuba, which is massively in debt, relies on Eastern Europe and the Soviet Union for nine-tenths of its trade, and receives some \$10 million a day in Soviet aid. Moscow pays over the world price for Cuban sugar, and sells Cuba more oil than it needs at cut rates, which Cuba then resells for hard currency. Now, as Castro admits, trade with the East Europeans has "practically disappeared" and the five-year aid agreement with the Soviet Union expires at the end of this year. Although it will be temporarily renewed, the Kremlin is driving a much tougher bargain. Trade subsidies will be pruned, and Cuba has been warned that Soviet enterprises are now self-managing and will want payment in real money.

Cuba's achievements - good education and health services and a rationing system which mitigates the effects of economic inefficiency - depend on these foreign subsidies. Penury is bound to swell the ranks of the discontented, a contingency Castro has prepared for with purges in the army and bureaucracy. A hardline general, Sixto Batista, was appointed earlier this year to head the all-important "committees for the defence of the revolution". Even so, some courageous students, promptly arrested, recently dared to write an open letter to the Cuban Communist Party calling for perestroika and denouncing Castro as a traitor to the revolution.

Defiantly, Castro asserted this week that "no power in the world can bring Cuba to its knees", but the evidence is that the country is on its knees already. Nationalism, fired by his legendary rhetorical skill, has been Castro's magic suit. But his countrymen are unenthusiastic about the prospect of dying for socialism, and more and more are saying so.

THE BATTLE OF SHIELDED KNEE

Bournemouth policemen, suffering more than most from the heatwave in their heavy uniforms, have been refused leave to change their trousers for lightweight shorts (a case of sarge says sarge). An argument has duly broken out, not so much about uniforms as about knees, or more exactly, men's knees, the ladies' being invariably charming, even when not accompanied by a dimple. Apparently, these useful parts are in men deemed unsightly (though who did the deeming is unclear), whence the unkind ruling from Bournemouth and the even more stern one from the Post Office, which threatened the sack for such lecherously behaviour, considered incompatible with "the Royal Mail image". (Few would have known unprompted that the Royal Mail had an image, unless it took the form of a first-class letter being delivered a week late.)

Some sage once said that it is possible to mark the precise point at which childhood ends. When the young hate to go to bed and are eager to get up they are children; when they hate to get up and are eager to go to bed they are adults. The same test can be used in the Great Shorts Debate. Small boys are clad in short trousers, their knees exposed in all weathers; when they put away childish things, they don their first pair of long.

Now, however, it seems that they must learn that their badge of manhood is little more than camouflage, designed to shield the knees from those who would otherwise have to turn their heads away. What on earth would Baden-

Powell say, sitting for ever beside the Great Campfire in the Sky, at such news? For in Scouting shorts were (though no longer) *de rigueur* at all ages, as those who remember how to tie a bowline-on-the-bight will testify. And what whirring is that if not of Field-Marshal Montgomery turning in his grave? In shorts the Eighth Army marched, in shorts they fought and won and in shorts they jeered at newcomers to the ranks with their historic battle-cry: "Get yer knees brown!"

That is good advice for anyone thinking of wearing shorts; if the sight of a bare knee is beyond the pale, it is much further beyond if the knee is a sickly white from hibernation in waist-to-ankle garments. Nor does a covering of hair improve matters, frowned upon by any passing *arbitrarius elegantiarum*, made worse, for reasons long forgotten, if the hair is ginger. Yet what of church fites, at which visitors are invited to take part in the Knobby Knees Competition; if the vicar looks with a tolerant eye on such goings-on, who is the editor of the *Tailor and Cutter* to sniff?

All in all, it would have been better if the Chief Constable of Bournemouth had relented, and let his force change into shorts. After all, they were not planning to don vividly coloured ones over-printed with *double-entendres*, just smart navy-blue, to which even the most strait-laced could not have taken exception. In the next heatwave, if there is one, let us hope that kinder counsel prevails. Knees up, PC Brown.

Advantages of Euromoney

From Major R. A. Linton

Sir, Sir Alan Walters' article ("A new Euromoney that all would buy", July 24) expressed doubt as to its popularity with the public. Consider then the following advantages: interest rates varying only between 2 per cent and 5 per cent (like existing index-linked bonds); fixed-interest mortgages at between 4 per cent and 6 per cent (as they were in the gold standard era); long-term contracts such as 99-year leases and Channel tunnels at fixed prices (no escalation clauses); and widows' savings no longer systematically milked.

Professor Hayek, in his 1976 study of a European currency, considered that a commodity-linked currency, such as Sir Alan suggests, would, by popular acclaim, rapidly supersede the unsecured paper currencies of today. Overlaid perhaps by a spectre of the gigantic bureaucracy necessary to control a European central (unsecured, paper) currency, as now proposed by M. Delors.

Hayek commented that such a currency would be an unrelieved calamity. Yours faithfully, ROBERT A. LINTON, The Office, Turret House, Limmer Lane, Felpham, Bognor Regis, West Sussex, July 25.

From Professor Stephen F. Frowen Sir, Sir Alan Walters shows a surprising lack of confidence in the ability of non-German European Community central banks (including, presumably, the Bank of England) when predicting that "if the other central banks wanted to exert control over the Bundesbank the likelihood of responsible policies (my italics) would be reduced".

Furthermore, his assertion that if the £/DM exchange rate were to be irrevocably fixed at a certain level, say, £1 = DM3, the UK would become a monetary colony of Germany, appears to be based on the assumption that UK monetary authorities are unable to follow successfully a consistent monetary policy with main objectives similar to those of the Bundesbank.

Surely, if UK monetary performance surpassed that of the Bundesbank, Germany should, on the basis of Sir Alan's argument, become a monetary colony of the UK and DM notes surrogates of the £. It all depends on performance, does it not?

I am, Sir, your obedient servant, STEPHEN FROWEN, University College London, Department of Economics, Gower Street, WC1, July 26.

Church repairs

From Mr John Ford

Sir, Canon Green of Ely Cathedral has established with the Inland Revenue that as the building is open as a business for 90 per cent of the time almost all VAT on repairs is reclaimable (report, early editions, July 19). Our small but beautiful 13th-century church requires £2,000 for restoration of the nave ceiling. VAT at 15 per cent is payable.

If church restoration was exempt from VAT, or assessed at a lower rate, small churches with limited funds could better afford much needed repairs. Alternatively, how do we become a business?

Yours faithfully, JOHN FORD, Long Court, Randwick, Gloucestershire, July 20.

Ulster deadlock

From the Reverend Dr I. M. Ellis

Sir, You report (July 23) that in the current deadlock over talks about devolution for Northern Ireland, the SDLP (Social Democratic and Labour Party) leader, Mr John Hume, is believed to have rejected the phrase "United Kingdom" in relation to the British side.

Surely, as a staunch supporter of the Anglo-Irish Agreement, which is said to recognize the right of the majority in Northern Ireland to determine the constitutional position of the province, Mr Hume should have no difficulty in recognizing that Northern Ireland is indeed an integral part of the United Kingdom. If the SDLP is not willing to state this in so many words, there is some very fundamental flaw in the agreement.

Yours faithfully, IAN M. ELLIS, The Rectory, 89 Mullavally Road, Tandragee, Co. Armagh, Northern Ireland, July 23.

Hindu attitudes

From Mr Ganesh Lall

Sir, Mr Yaqub Zaki (July 26) lends his scholarship to the popularly-held view that Hinduism is a race-based religion. With respect, it is incorrect.

This misconception has no doubt stemmed from the fact that Hinduism is not a proselytising religion. But its spread outside India among non-Indians and its age-old message that "the world is one family" surely stand as testimony to its universality.

Yours respectfully, GANESH LALL, 7 Burrow Walk, Herne Hill, SE21, July 26.

Letters to the Editor should carry a daytime telephone number. They may be sent to a fax number - (071) 782 5046.

LETTERS TO THE EDITOR

Screen violence impact on society

From Mr Richard Reddy

Sir, Over the past few years there has been some controversy over the effect that violence portrayed on television and in movies has on our society.

I lived and worked, as manager of engineering for an oil company, for five years among the various island peoples of Micronesia and the northern Marianas with an approximate population of 300,000 scattered over three million square miles of ocean. Each island group has its own distinct culture, but they share a common ancestry.

The region became a UN trust after liberation from the Japanese, under the protectorate of the US, and gained independent nation status about two years ago. Under the trusteeship and as a condition of their nation status, the US provided financial aid to each island group. Each used the money in different ways, mostly on promoting commerce and public-works projects.

The island of Kosrae is characterised by gentle people. Five years ago there was no crime of any kind, the culture strictly controlled by the chiefs and extended family system.

They decided to use their funds to become "progressive" and develop commerce. Along with that came television, video cassette recorders and video tapes. As the local entrepreneurs responded to market demand, and the market, after seeing a few violent tapes, insisted on more of it, violent films began to dominate the videos.

Within a short time violent acts began to appear in what used to be

a peaceful population with no history of civil disorder. In addition to interpersonal violence and that against property one particular incident stands out: a group took exception to a decision that the attorney general made, broke into his house, tied him up, urinated on him and then burned his house down.

On another island, Yap, a teenage boy was killed when two youths jumped out of the jungle and attacked him as they were, according to officials, acting out a horror movie.

In contrast, the people of Ulithi still, about 2,000 of them scattered across a number of islands, about 100 miles from Yap, have decided to maintain their traditional culture. They ban violent and pornographic videos and they have no violence or deviation from their traditional sexual norms. They help each other with the same community spirit that used to dominate Kosrae.

When one wants to determine the effect a particular outside stimulus will have on a particular society, one locates smaller, simpler societies and studies the effect that stimulus has on these less complicated "models". Kosrae and Ulithi are both part of the same country with common ancestry, but each made a different decision regarding violent videos. Violence displaced Kosrae's traditional peace within a two-year period. There is still no violence on Ulithi.

Faithfully yours, RICHARD REDDY, As from: 8028 Del Caverna, Scottsdale, Arizona, USA, July 24.

continue and to be financed by English Heritage in the place of the GLC.

English Heritage propose to take over close involvement in the planning process themselves. There is no precedent for English Heritage exercising both a national responsibility as adviser to the Department of the Environment and a county responsibility as adviser to local planning authorities.

The withdrawal of the English Heritage grant to the Museum of London and the Passmore Edwards Museum will also mean that it will not be possible to carry out the other aspects of the service. It is not practicable to load the costs on to sites where an excavation project is necessary in advance of redevelopment, usually paid for by the developers themselves, and whose help we are glad to acknowledge.

There is no evidence that changes to the existing well-established and experienced service will improve the situation with regard to the capital's archaeology.

Yours faithfully, MAX HEBDITCH, Director, The Museum of London, London Wall, EC2, July 27.

Grants for woodland

From the Chairman of Timber Growers United Kingdom

Sir, The announcement by the Government (Parliament, July 24) of the introduction of management grants for woodlands was long overdue and most welcome. By sweeping away the tax concessions for forestry in the 1988 Budget the Government jeopardised the long-term management of our broadleaved woodlands.

We are particularly pleased that Government accepted our recommendations for the need for incentives to bring neglected woodland into management, and particularly help in the management of "special" woodlands. In the category are many of the ancient and semi-natural woodlands that are such a vital component of our natural heritage.

Yours sincerely, ANDREW CHRISTIE-MILLER, Chairman, Timber Growers United Kingdom, Adm House, 24 High Street, Wimbledon, SW19.

From Mr D. W. G. Taylor Sir, The new scheme to promote better management of Britain's woodlands should not be interpreted as evidence of positive environmental thinking by the Government.

There are 2.5 million acres of privately-owned woodlands in Britain and the desirous sum of £5

million is now to be devoted to their management. Even this sum has to be found out of existing resources.

Perhaps the collapse of demand for planting grants in the wake of the 1988 Budget decision makes it possible to transfer this money from one pocket to another. The result of this has been that new planting has collapsed to a third of its target, an estimated 50 million trees suitable for planting were burnt in forest nurseries and nurseries, forest managers and contractors, with all their experience and expertise, continue to go out of business.

We live in a world where hundreds of thousands of acres of land will have to be taken out of agricultural production and where ecological disasters threaten from all sides. The clear and obvious answer to many of these problems is to increase the world's forest cover.

The scale of cost of designing a positive forest policy in the UK would be very small. The benefits would be enormous, in environmental, economic, and political terms.

Yours faithfully, DAVID W. G. TAYLOR (Director), John Clegg & Co., (Forestry and agricultural surveyors and valuers), Claremont House, 67 Montpelier Terrace, Cheltenham, Gloucestershire.

Amid the alien corn

From Mr B. C. J. Waines

Sir, I was intrigued by your report and photograph (July 26) about the hoax involving crop circles. I examined some of these lines and circles during a visit to Avebury, Wiltshire, on Monday and concluded they might well have been man-made.

They appeared to have been created with something multi-pointed and square-ended, like the blades of an old corn-reaper, which used to have a pointed guide at the outer end for cleanly separating corn from that being drawn into the cutter.

Barley heads towards the centre of the flattened circles were torn off, rather than cut off, but still intact on the flattened stalks at the periphery. That suggested, at least for the particular circles studied, that the blade rested stationary in its guide towards the centre, with the open gap at the outer end, and with the machine therefore being pushed rather than driven (for noise reasons?).

Different widths of "blade" could be used to create different path widths. The narrowest paths

seemed almost certainly to have been trodden out.

The machine would almost certainly have been two-wheeled and the circles made by attaching it by a rope to a central guide post, for which there were indentations in the ground.

I am a natural scientist, brought up in the country. Something very like the old Allen motor scribe springs to mind. Being supported on large rubber-tyred wheels it is completely silent with its engine turned off (apart from clicks from its wheel ratchets when turned), is low in profile (below the height of the corn), and light enough to be able to be carried to and from the site along normal tractor paths, without revealing the passage. The whole sequence, if carefully planned, could probably be completed by three or four burly men in no more than 15-30 minutes. Being the silly season, it might be worth trying to reproduce the effect, before all the corn is finally cut.

Yours sincerely, BRIAN WAINES, The Coach House, 50a Blackheath Park, SE3, July 26.

Great moments for cricket

From the Chief Executive of the National Cricket Association

Sir, I hope readers will be interested in a rather special piece of cricket history that was made in Scotland on July 19 and 20. For the first time a truly representative amateur England XI took the field in an international cricket match.

The second of two splendid one-day matches against Scotland took place at the West of Scotland Cricket Club ground at Hamilton Crescent, Glasgow. Coincidentally, this was where the first soccer international between England and Scotland took place in 1872. I believe the soccer match produced a 0-0 draw. In the cricket match, Scotland won by three runs in a great game.

The England XI is selected through regions representing the National Cricket Association's county championships (this involves all counties, both first class and minor). At least 6,000 NCA member clubs in turn feed the county teams and as a result it may be said, again for the first time, that at last every amateur cricketer in the country has the chance of playing for England.

The association's initiative in developing a national amateur cricket team has enormous possibilities and already much interest has been expressed from all corners of the cricket world. This is a dream come true for the army of volunteers who make NCA what it is. Perhaps one day England may play England at Lord's; why not, and what a day that would be.

Yours faithfully, KEITH ANDREW, Chief Executive, National Cricket Association, Lord's Cricket Ground, NW8, July 26.

From Mr J. Cockburn

Sir, Simon Barnes ("On Saturday", July 21) has highlighted a pricing policy which brings cricket into disrepute. I recently took four boys to the Edgbaston Test. Tickets had been advertised in the local paper as £11 for adults and £7 for children. In fact the price was £12 each with no reductions for children. As a result we only just managed to raise enough money between us to gain entry.

On complaining at the office I was told that the TCCB (Test and County Cricket Board) set the prices and that I should complain to Alan Smith, Chief Executive of the TCCB, at Lord's. I was also told that the prices advertised were, as stated, only for those who booked in advance, but the advertisement did not say that.

If children are actively discouraged from attendance in this way how will our grounds be filled in the future? Surely the TCCB is suffering from economic myopia.

Yours faithfully, J. COCKBURN, 2 Farlands Road, Oldswinford, Stourbridge, West Midlands, July 23.

Game management

From Mr David Parkinson

Sir, The laying of poisoned baits to kill the predators of gamebirds in this supposedly enlightened age (report, July 14) is to be deplored. The root causes of the problem are lack of experience in the keeping world and a dearth of experience among the nouveau riche replacing the old squireship, which was the epitome of countryside caring.

I have witnessed much change in the shooting scene over 30 years of full-time keeping, especially the commercialisation of pheasant and grouse shooting and, to a lesser degree, partridge shooting. I succeeded in producing just as many grouse on the moor and pheasants in the woods by using "environmentally friendly", perfectly legal methods, such as ignoring birds of prey, roofing pheasant pens and not laying bait for foxes.

There is hope for the future: various colleges, countryside, are now running courses on game-keeping and, hopefully, embodied therein will be an absolute insistence that the laws of this country are adhered to.

Yours, D. PARKINSON, 11 Main Street, Heiton, Kelso, Roxburghshire.

From Mr Gideon Lester

Sir, If the circles phenomena are indeed an elaborate practical joke, then the hoaxers must have a house in Ireland where they practise their technique.

Last August when my parents were walking on an island in Roaringwater Bay, Co. Cork, they came across a flattened circle of 60 ft. diameter in a field of tall grass. As the island is inhabited solely by rabbits, one slightly wonders why anyone would bother, even a tourist from Mars.

Yours faithfully, GIDEON LESTER, 38 Half Moon Lane, SE24, July 26.

From Mr D. S. Spencer

Sir, Amidst the furor concerning corn rings, I was under the impression that these were generally on sale at most good chiropodists and leading chemists, or have I misunderstood the problem?

Yours faithfully, DEAN SPENCER, 39 Kirkley Way, Broughton Astley, Leicestershire, July 26.

Colony's liberals denounce fines as political

ANNOUNCEMENTS & PERSONAL

مزايا الاحوال

Be silent, everyone, in the presence of the Lord, for he is coming from his holy dwelling place.
Zechariah 2: 13 G.N.B.

BIRTHS

BARRATT - On July 25th, to Joan and Richard, a daughter, Emily Katherine. Born at St Mary's, Church, Wallingford, Oxfordshire. A son, James. Born at St Mary's, Church, Wallingford, Oxfordshire.

CALLAHAN - On July 19th, to Vero Close, Hatfield, Herts., and Tracy, a son, Robert. Born at St Mary's, Church, Wallingford, Oxfordshire.

CAMPBELL - On July 23rd, to Lisa and Allan, a son, Robert. Born at St Mary's, Church, Wallingford, Oxfordshire.

CHAPMAN CAMPBELL - On July 25th, to John and Catherine, a son, Robert. Born at St Mary's, Church, Wallingford, Oxfordshire.

GRAY - On July 25th, to John and Catherine, a son, Robert. Born at St Mary's, Church, Wallingford, Oxfordshire.

NECKENDORF - On July 26th, to John and Catherine, a son, Robert. Born at St Mary's, Church, Wallingford, Oxfordshire.

HOOTON - On July 24th, to John and Catherine, a son, Robert. Born at St Mary's, Church, Wallingford, Oxfordshire.

HUBBARD - On July 24th, to John and Catherine, a son, Robert. Born at St Mary's, Church, Wallingford, Oxfordshire.

LOCK - On July 26th, to John and Catherine, a son, Robert. Born at St Mary's, Church, Wallingford, Oxfordshire.

MORTON - On July 24th, to John and Catherine, a son, Robert. Born at St Mary's, Church, Wallingford, Oxfordshire.

RYALL - On July 27th, to John and Catherine, a son, Robert. Born at St Mary's, Church, Wallingford, Oxfordshire.

WALLERS - On July 26th, to John and Catherine, a son, Robert. Born at St Mary's, Church, Wallingford, Oxfordshire.

RUBY ANNIVERSARIES

HEWITSON-ANDERSON - On July 29th 1950, in London. William, a son. Born at St Mary's, Church, Wallingford, Oxfordshire.

MONTAGU-CALVERT - On July 29th 1950, in London. William, a son. Born at St Mary's, Church, Wallingford, Oxfordshire.

SINCLAIR - On July 29th 1950, in London. William, a son. Born at St Mary's, Church, Wallingford, Oxfordshire.

SUTTON-HARVEY - On July 29th 1950, in London. William, a son. Born at St Mary's, Church, Wallingford, Oxfordshire.

GOLDEN ANNIVERSARIES

HEWITSON-ANDERSON - On July 29th 1950, in London. William, a son. Born at St Mary's, Church, Wallingford, Oxfordshire.

MONTAGU-CALVERT - On July 29th 1950, in London. William, a son. Born at St Mary's, Church, Wallingford, Oxfordshire.

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SUTTON-HARVEY - On July 29th 1950, in London. William, a son. Born at St Mary's, Church, Wallingford, Oxfordshire.

DEATHS

BERRY - On July 27th, in London. William, a son. Born at St Mary's, Church, Wallingford, Oxfordshire.

BILLSON - On July 27th, in London. William, a son. Born at St Mary's, Church, Wallingford, Oxfordshire.

CARTER - On July 27th, in London. William, a son. Born at St Mary's, Church, Wallingford, Oxfordshire.

COLEMAN - On July 27th, in London. William, a son. Born at St Mary's, Church, Wallingford, Oxfordshire.

ON THIS DAY

1914 making each time more and more matter of apoplexy. His name, an abrupt monosyllabic one, was read out, with the initials necessary to identify him, each time. Could they not have given him his full-bound volumes all at once?

PRIZE-GIVING

The Boy's Real Thoughts (From a correspondent) The few last prize-givings and prize-days, festivals for the boy and the schoolmaster, are being held all over England in this week of July. The other day, at one of these, a certain depression seemed to descend on all of us from the white-washed, but not white, walls, and to hover, as the evil genius of dullness, over the head of the headmaster, as he emitted sentiments of a racial and national importance from a platform.

THE ROYAL AIR FORCE BENEVOLENT FUND

DEPT. 37, 60 PORTLAND PLACE, LONDON W1N 4AR

STUDENT ANNOUNCEMENTS

BIRTHDAY NEWSPAPERS

1642-1990

FOR SALE

TICKETS FOR SALE

REMEMBER WHEN

ALL TICKETS

FOR SALE

ANIMALS & BIRDS

SATURDAY RENDEZVOUS

DRAWING DOWN THE MOON

WE DON'T DATE

DINNER PARTIES

PERFECT MATCH DINNER EVENINGS

CHERYL BROWN

CANDLEBURNERS AND ENCHANTED EVENINGS

DISILLUSIONED

INTRODUCTION AGENCIES?

SOCIAL BUTTERFLIES

FLATSHARE

RENTALS

OVERSEAS TRAVEL

SELF-CATERING SPAIN

DOMESTIC AND CATERING SITUATIONS

PUBLIC NOTICES

TRUSTEE ACTS

THE THREE GRACES

WE NEED MEN

REAL MEN!

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FLATSHARE

RENTALS

OVERSEAS TRAVEL

SELF-CATERING SPAIN

DOMESTIC AND CATERING SITUATIONS

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REMEMBER WHEN

ALL TICKETS

FOR SALE

ANIMALS & BIRDS

SATURDAY RENDEZVOUS

DRAWING DOWN THE MOON

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DINNER PARTIES

PERFECT MATCH DINNER EVENINGS

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CANDLEBURNERS AND ENCHANTED EVENINGS

DISILLUSIONED

INTRODUCTION AGENCIES?

SOCIAL BUTTERFLIES

FLATSHARE

RENTALS

OVERSEAS TRAVEL

SELF-CATERING SPAIN

DOMESTIC AND CATERING SITUATIONS

PUBLIC NOTICES

TRUSTEE ACTS

THE THREE GRACES

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In the old days kite-flying, even when done properly, could best be described as therapeutic. Enthusiasts would get the kite up, maybe peg it down if the wind was strong, and stand there, tugging occasionally on the line. But things have changed.

Kite-flying has developed into a serious sport, and is even being talked about by its aficionados as a new event in the next Olympic Games in Barcelona.

The sport first gained competitive popularity in 1976, when a designer called Peter Powell came up with the idea of controlling a kite with two lines instead of one. The best-selling "Peter Powell Stunt Kite" gave flyers unprecedented flexibility, the two lines allowing the kites to weave and dive about the sky.

In the past three years a new sport has emerged: competitive synchronised kite-flying. Today at Blackheath in south London there will be a European cup competition, and in October the

Americans will stage the first world cup event in Oregon.

In Britain, there have been a number of annual kite festivals. Ever popular with the diehard single-line tuggers, these events are now providing the more flashy two-line flyers with something of a national circuit.

Day one of a festival — most of them span a weekend — is set aside for precision flying. The idea is to perform a series of compulsory aerobatic manoeuvres, followed by two minutes of freestyle displays. Most competitors perform in teams.

"From the public's point of view, team flying is much more of a spectacle," says Andy King, who is on the world cup committee and a member of Blitz, Britain's leading kite-flying team. He also competes and judges at competitions.

Judges award points for content, degree of difficulty, execution and

What was once a jolly family pastime could become a serious Olympic sport if its enthusiasts have their way

Kites are on the up and up

artistry. This year, for the first time, they can work from an official rule book, which is full of diagrams illustrating such colourfully named manoeuvres as Team Diamonds, Star Bursts and The Bristol.

Teams usually consist of four people, each with a kite. The flight leader calls out the manoeuvres and the team shuffles around accordingly, trying to keep their kites equally spaced, untangled and airborne. It may look chaotic on the ground, but the aerial displays can be mesmerising.

Kite ballet takes up day two of a festival. Teams choose a piece of music and try to interpret it through their kite-flying. The Decorators, one of Britain's leading teams, fly best to Miles Davis.



Last year his album *Tutu* inspired them to victory at the National Team Ballet competition in Birmingham.

This form of flying is taken very seriously, particularly by the

Americans. Ron Reich is a member of Top of the Line, the world's number one kite-flying team, and a master of ballet and hyperbole. In the latest issue of *American Kite* magazine, he writes: "When I was flying the Superman/Lois Lane routine, it was not unusual for adult couples to approach me afterwards and exclaim, with watery eyes, that they had never guessed that watching kites could bring tears to their eyes. When people have that kind of emotional experience, I have achieved my ultimate goal as a flyer."

The Decorators have never knowingly made an audience cry unless, perhaps, with laughter. The team, from southeast London, perform in white boiler-suits and caps.

"We were looking for a team identity and the cheapest garment we could think of was a boiler-suit," Felix Mottram says. "Someone said we looked like a bunch of house decorators and the name has stuck."

Romney Johnstone, Jacob Twyford, Tim Paget and Mr Mottram first competed in a Rokkaku kite-flying festival in 1988. For the last four years, these events, which originated in Japan more than 2,000 years ago, have formed an important part of most festival programmes. The 1990 UK Rokkaku Challenge, organised by the Kite Society of Great Britain, is contested at six different festivals throughout the year.

This form of flying entails four people controlling one, single-line kite. The object is to out-maneuvre the other teams on the ground by melting their nylon lines before they melt yours. The frictional heat generated by two taut lines

rubbing up and down against each other is considerable.

The large, hexagonal Rokkaku kites, when severed, float off gently downwind to be collected. The last one to remain intact and airborne is the winner.

With the world cup looming, the Decorators are working hard on their synchronised flying routines.

"There are only two teams who can fly a vertical wrapped eight-as and Blitz," Mr Twyford says. "It's one of the most complicated manoeuvres in the world." Few would doubt him.

Whether synchronised kite-flying will be accepted as a sport for the next Olympics remains to be seen, but, as Mr King says: "If synchronised swimming can get in, anything can."

JON STOCK

• The European Cup for Professional Stunt Kite Flyers, Blackheath Common today and tomorrow, 10am to 5pm. Entry free. Weymouth Kite Festival tomorrow.



Going for growth in the city: John Redmayne, the conservation director of the Leicester Ecological Trust

Next to the abattoir, try to stop and smell the roses

Amid the grime and pollution of some of our meanest city streets, secret gardens are being created. A gap in a row of terraced houses, abandoned sites once used for dumping discarded paving stones... any derelict plot of ground can be transformed.

There is one in Birmingham which butts against Winson Green prison and two psychiatric hospitals. An abattoir, a meat packing company, a rubbish collection depot and a railway line are the four sides of a hidden garden in Leicester.

Some are so secret that only the residents know of their existence. Others are so inaccessible that a path has literally to be beaten to them. Their charm is their simplicity, and what they all have in common is that local people are helping to create them.

When a group of conservationists in Leicester discovered Freeman's Common, it was a magical wilderness of old apple, pear and plum trees, garden peonies and exotic roses tangled up with wild plants such as ash, blackthorn and hawthorn.

A small farm had been replaced by a long-wave radio transmitter, and the two-acre space was surrounded by an industrial estate. It took the conservation group five years to negotiate the lease and obtain an agreement to construct paths so the public could get to the garden.

Now John Redmayne, the conservation director of the Leicester Ecological Trust, is encouraging people to visit. "It is

Horticultural miracles are being worked in some of our most blighted inner-city areas. But now trouble is brewing in paradise

very hard to find, and even those who work alongside the garden are unaware of its existence, but once people discover it, they are enchanted.

This is such a secret place. We deliberately haven't turned it into a purpose-built picnic area with seats and tables, there are just some clear patches where people can sit, and there are some very weird things growing so the public can get the feeling of being away from it all."

Neighbourhood secret gardens start with consultation of local people, community groups and schools, Mr Redmayne says. "We try to get children involved because they are less likely to pull up flowers or vandalise a garden they have helped create."

Then we give people what they want. Some want a pond, others prefer a marsh. On another site they may ask for a reasonably sized piece of grassland, or ornamental planting, a colourful garden which will be attractive to butterflies, or lots of fresh herbs and flowers they can smell. We try to create little bits of countryside in the inner city. Because they are in built-up areas, often covered with bricks and rubble, we usually begin by bringing in soil to get it off to a good start.

"If someone picks a couple of flowers now and again to put on a table that is all right, but if they denude the whole site and spoil other people's enjoyment we would try to discourage them."

So far, people have been fairly civilised about that, and there has been very little trouble with vandalism or graffiti because local people go in for self-policing when they are directly involved. We would be really happy for people to pick the herbs we plant among the flowers but, by and large, they are not confident about knowing which is what. They are used to herbs coming in little sachets."

"Grottoville" is how a local resident described the area around Norman Street which is being transformed by the Urban Wildlife Group in Birmingham. The 1.25 acres had been used as a council tip and the group inherited a legacy of granite kerbstones and old blue bricks as well as the prison and hospital walls.

From this unpromising beginning a garden, geared to lure children off the streets and towards the joys of nature, is being constructed. Marianne Le Ray, the garden's co-ordinator, realised they had a job on their hands when she showed local children pictures of different sorts of landscapes, including slides of the last working farm in the area. Afterwards they were asked to choose which type of landscape they would like for their own school grounds. The children all opted for a car park.

The result was very interesting, Miss Le Ray reports. "They felt at home with a car park. We realised it was not enough just to create wildlife areas in town, we had to excite children enough to care about their surroundings, so we have introduced a number of games. One is called Eye in the Sky. They go for a walk holding a mirror, which enables them to look at branches and clouds from a new perspective."

The children were also asked to draw flowers, fish, birds and animals which were used by sculptor Hilary Cartmel in her design for garden gates.

Between a row of squat, terraced houses in Marsden Road, south-east London, a wildlife group has created a miniature garden centre on two acres of what was once a municipal tip. There is a pond, a tree and wild flower nursery to provide locals with plants for their own gardens and a flourishing

beehive. At an open day, when £800 was raised towards a £14,000 appeal, jars of London honey were on sale.

Local pensioners go there every day to weed and water, but the garden's future is uncertain because apparently money cannot be found to pay Dawn Eckhart, its full-time project manager. Miss Eckhart, of the London Wildlife Trust, has been working on the garden for nearly two years.

"A nature garden is not something you create and leave," she says. "It has to be constantly managed. We have created a series of habitats: a lay-meadow, a hedgerow, and a raised wildflower bed for the elderly to enjoy. The trouble seems to be that you can get money for pump priming, but after that you have to be self-financing. The difference is between capital and revenue funding, but we feel that we have been stapped in the face for being successful."

Peter Shirley, the project manager of the Norman Street garden, describes the financial difficulties as the "cycle of hope". The environment department chips in, as do local authorities, and private companies are often very generous. "But the trouble is everyone wants to be involved in exciting, innovative projects, but once they are up and running, it is very hard to raise money to keep them going. You never know where the next pound is coming from. You just have to get out of your boots, put on a collar and tie and beg," he says.

This is hard, but not impossible, as Mr Shirley proved last week when he clinched a deal for the garden.

An environment city campaign is being launched in the autumn and Leicester, with financial help from a host of local businesses, will be bidding for the title. Bringing together professional conservationists, enthusiastic urban amateurs and commercial companies, the secret gardens of England are proving to be minor miracles.

HEATHER KIRBY

Find out why Ivana, Madonna and Yasmin can't afford not to keep fit

August 1990 £1.30 RSC

New Woman

Would you keep her affair secret?

"I was lucky to get Madonna" Warren Beatty tells all...

Indulge yourself Jump on the trash wagon

Dating again?

Now it's more than ever

WIN a trip to Rio 100 FREE beauty treatments

Life Is a Party What's it fitting fit?

Why dollar don't cheap

Charming Lily Lloyd Stephanie But why?

are s

OUT NOW

New Woman. You can't be one without it.

Help: Olivia Wells, carpet and tapestry finder

Ten years ago Olivia Wells, a gilder and restorer, fell for the attractions of fine carpets and decided, as she could not afford to collect them herself, to help other people find the perfect ones for their homes. Since then she has added tapestries to her repertoire, whether you want a new one woven by a contemporary artist, or a particular ancient piece.

"I hadn't the money to become a shop-keeper and didn't want to become a dealer," Ms Wells says. "And this seemed a more interesting way to earn a living than just selling things and not seeing the rooms they were going into."

She charges her clients nothing, but claims a 10 per cent commission on each sale from the merchant (except when she bids at auction, in which case she charges 10 per cent on top of the auction price). The tapestries she deals in cost upwards of £1,000 — and that is for a small, perfectly formed, square. "Small pieces have to be perfect," she explains, "whereas the larger ones don't have to be as good a quality to look good."

She believes that any home can be enhanced by a tapestry of one sort or another. "I've found some for some very minimalist, modern homes which have looked wonderful," she says. "And once I had to get a contemporary tapestry woven for a place in Australia that I'd never seen."

While she is happy to have a tapestry specially woven, she counsels against reproductions. "An original work of modern art is one thing," she says, "but for the same price as a reproduction you can get an old one with much more character or perhaps a contemporary one inspired by an old design."

If you are looking for a tapestry as an investment — "with provenance, tapestries offer incredible value when compared with Old Masters," she tells her clients — then go for an original, old or new. She is based in London during the week but travels the country consulting with clients. "I won't charge you anything to come out to you," she says, "unless, of

Weaving a way to the best

course, you just want a dhurrie. But not if you want serious carpets or tapestries."

Ms Wells has become engrossed in the history of tapestries, from their inception in the 14th century, when they were used as glorified draught excluders on cold

stone walls, to the 17th century extravaganzas produced for the court of Louis XIV and the brief flowering of the British tapestry industry in Mortlake, in London, during the reign of Charles I. She gets particular pleasure on the occasions when she comes across a fine Mortlake tapestry.

"People in Britain have largely ignored the potential of tapestries," she says. "Their quality is every bit as good as a master painting, and they are undervalued."

VICTORIA MCKEE

• Olivia Wells, 21 Summer Place, London SW7 3EG (071-584 8911).



Have passion, will travel: Olivia Wells does not charge her clients

The

Changing face

Can you get to the airport in time to catch your flight? The answer is yes, if you take the new terminal at Heathrow. The old terminal was a maze of corridors and stairs, and it was often difficult to find your way to the right gate. The new terminal is a modern, open-plan building with a clear, logical layout. It is designed to make it easy for passengers to find their way to the right gate, and to make it easy for staff to manage the flow of passengers. The new terminal is a major improvement on the old one, and it is a testament to the power of good design.

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The advent of a London airport too far

Changing face

You cannot get to what the advertisements call "London's third airport" by train yet. Like London's first and second airports it is not, of course, very near London; it is near Bishop's Cleeve in Hertfordshire. They should really call it "Bishop's Cleeve's first airport". The direct rail link is planned to open at the same time as the new terminal, in March 1991.

In the meantime, to get there from London you have to take a train from Liverpool Street and travel out into the flat, liberally populated Essex countryside, past panted housing estates and brightly painted corrugated steel distribution warehouses, stopping every now and then, until you reach Bishop's Cleeve. There you take a taxi for the remaining five miles or so to the airport at Stansted.

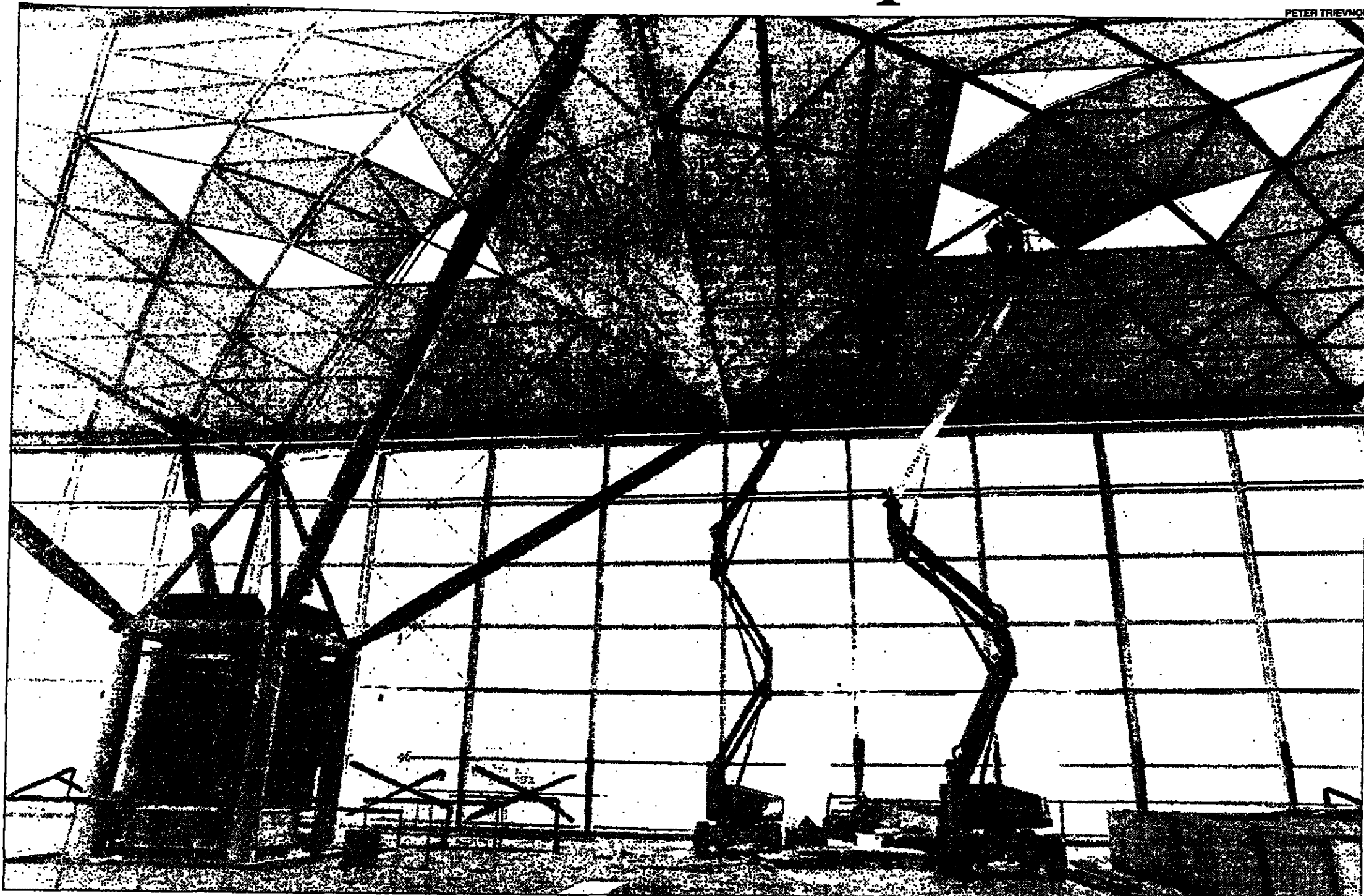
The external structure of the new terminal is complete. It sits, hard-edged and gleaming in white steel and glass, the focus of an embryo infrastructure that looks complicated enough to support a medium-sized town. The floor area of the concourse is about eight acres, approximately the size of Trafalgar Square. But in spite of the free-standing check-in desks, customs area, shops and all the rest of the airport paraphernalia rising within it, what has been claimed for the terminal from the start remains true: you can stand at one end and look past a forest of structural columns, or "trees", clear to the other end and through the glass wall dividing inside from outside, nearly 200 yards away. Lit by natural daylight from above, it is surely one of the most breathtaking single rooms in the country.

To the BAA (the former British Airports Authority) and its architects, Foster Associates, the fact that Stansted was in the middle of the countryside was its main attraction. It is true that there is already a terminal at Stansted but it is so far away, at the other end of a site that is approximately 50 per cent bigger than Gatwick, that you are unaware of its presence when at the new terminal.

BAA and Foster chose a greenfield site because they wanted to build an international airport from scratch. Gatwick and Heathrow have suffered from being developed by accretion, layer upon layer, BAA says.

The idea for a terminal housing all passenger-processing facilities on one floor had long been cherished by BAA's chairman, Sir Norman Payne. To realise it, he appointed Norman Foster (now also Sir Norman) Foster, one of Britain's three international superstars of architecture, the designer of what is alleged to be the most expensive building in the world (the headquarters of the Hongkong & Shanghai Bank) and famous as a high-tech innovator. Planning permission was finally secured in October 1986 for a terminal capable of handling up to eight million passengers a year.

What should an airport look like? Because of its relatively short history, air travel is assumed to have no stylistic precedents and is associated in most people's minds with modernism. It has not always been so. The first custom-built major airport in the world was Croydon, which opened in 1928. The terminal building still stands. It has a steel frame, concrete block



Inside story: the steel and glass concourse of the new Stansted airport terminal is "see-through" from end to end, about 200 yards: one of the most breathtaking single rooms in the country

walls and a flat roof. But it does not look like a modernist building. It looks like a neo-classical railway station, and like a railway station, passengers entered from one side, walked through the building on one floor and left from the other side to board the waiting transport. Services — cargo areas, offices and so on — were on either side of the passenger thoroughfare. It is this simple layout, if not this architectural style, that Sir Norman Foster has restored at Stansted — except that instead of placing the services on either side of the passengers he has put them beneath their feet.

The new terminal is actually a two-storey building although, with the aid of £3 million of landscaping and planting, every effort has been made to conceal the lower floor, which contains the railway station, baggage-handling facilities, storage and plant. Sir Norman Foster and BAA claim that the top of the roof is about the same height above ground level as the tops of existing mature trees. Spencer de Grey, the partner in charge of the project for the architects, suggests that the struc-

tural "trees" supporting the roof overhang in front of the terminal also serve to break down the building's mass. Philippe Faurt, the site architect, goes as far as to say, "it blends".

Like a snowman on a snooker table, it blends. The claims seem part of a strategy to apologise for the terminal's spectacular appearance and so disarm its critics: as if the architects expect to be blamed for not designing it to look like a neo-classical railway station. But the critics do not mind what it looks like: they mind where it is. They mind that it exists at all.

For now, getting there is a reminder that Stansted was once nowhere in particular. Even the development visible on the journey from London is misleading. Away from the railway and the M11, the area is unspoiled countryside, comprising "important historic landscapes", says the Countryside Commission, which was among the original campaigners against the terminal. The only people likely to be more disappointed than the commission when the terminal and its rail link open are the Bishop's Cleeve taxi drivers.

CALLUM MURRAY

Walk: Hampstead and Highgate

A slice of quality Ham and High

HAMPSTEAD and Highgate are two of London's most famous villages, and rightly so. They have retained their old buildings and charming atmosphere while expanding London's westward past. The purchase of the Heath, Kenwood and Parliament Hill by the City of London Corporation and others from about 1860 onwards kept their surroundings relatively intact, and this interest-packed seven-mile walk makes the most of all this open space.

Start at Highgate tube station and walk up Southwood Lane before turning right into Park Walk, which emerges opposite the superb International Modern-style white-rendered flats by Lubetkin and Tecton of 1936-38. Turn left up North Road into Highgate Village, which has many good Georgian buildings. Branch off South Grove down Swains Lane to pass between the two sections of Highgate Cemetery — the west one romantic and over-

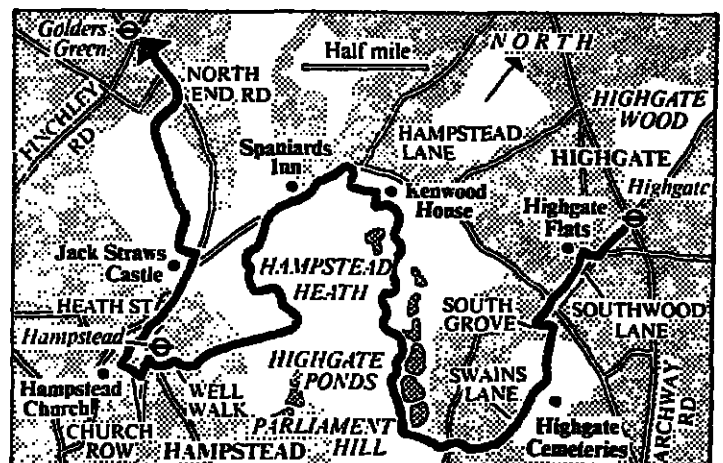
grown, the east with a memorial to Karl Marx, the object of pilgrimages.

At the bottom of Swains Lane, cross into Parliament Hill and bear right to skirt the west side of Highgate Ponds, then uphill to enter the grounds of Kenwood House, a crisp stucco mansion transformed by Robert Adam in the 1760s and later enlarged by Henry Holland. Out of the grounds, via the car park and lodge gates, turn left and pass the

Spaniards Inn and the turnpike lodge opposite. Soon, turn left to descend on to Hampstead Heath, heading southeast and then southwest to reach Well Walk, which leads into Hampstead Village. Spend some time walking around the lanes of Hampstead and do not miss Church Row, an early Georgian terrace of high quality, the superb Georgian parish church nearby, and Fenton House. There is an abundant and cosmopolitan choice of places for lunch.

Walk north up Heath Street out of Hampstead, pass Whitestone Pond, and beyond Jack Straw's Castle turn left to drop down amid woods to the valley floor of West Heath. Head northwest. You should emerge at Golders Hill Park, a more civilised place with a rather good zoo. Continue through this park to West Heath Avenue and at the end turn left to Golders Green and the tube station.

MARTIN ANDREW



Deal of flash earns cash

Nowhere can you be charmed out of a fiver faster than at the Barras market

IF something is available in Glasgow, it can be found in the Barras. Ever since the hawkers of the 1920s used to buy straight from the ships that docked on the Clyde, the city's most famous market has prided itself on the range of its goods. At that time, the first anyone knew a commodity was available was when it appeared in the Barras.

Nowhere in the city is reckoned to be cheaper for pots and pans, for tools and for linen, and the Barras probably shifts more net curtains than anywhere else in Scotland. "You can buy anything here, from a needle to an anchor," says Kurt, who sells jewellery. "It's the best market in the world."

The Barras is a Glasgow institution. When Paddy Mehan, wrongly convicted of murder, wrote a book about his experiences, he came to the Barras to sell it. Traders get invited to clients' weddings and anniversaries. Hughie Smith, aged 85, has spent his life mending watches in the Barras. "Keep me alive," he says. The market is on an ill-defined patch of land between the Gallowgate and London Road in Glasgow's East End. More than 850 traders compete for business in one of the covered markets, lace underwear of every description adorns one of the barrows. A display like this is known as a "flash" and the saying is "the bigger the flash, the better the cash". Salesmanship is everything. "Here's a delicacy line," calls a butcher, plunging his hands into a box full of chicken legs. "I've got 'undreds of 'em here, 7lb for a fiver." Pass it for the barbecue. Glasgow is not known for its barbecues, even in July, and heaven only knows what a household does with 7lb of chicken less.



Eye for a bargain: the Barras sells everything, from a needle to an anchor

but sales are brisk. Nowhere in the city can you be more easily charmed out of a fiver.

At Christmas the market is open all week instead of just the weekend, and the crowd swells to 130,000 people a day. "When I was a boy, half of Glasgow had Christmas one day late because you could buy stuff so much cheaper on the 25th," says Allan Thornton, the business development manager of the Barras Enterprise Trust.

Any history of the Barras has to include mention of Margaret McIver. She was born in 1880 and originally built up a business renting barrows at sixpence a day. When, in the early 1920s, the hawkers were evicted from Clyde Street to make way for new buildings, she seized her chance. She bought land in the Gallowgate area and began leasing pitches. A well-liked but formidable businesswoman, she had two strictly held philosophies: "Work hard and keep the hell," and never to buy anything on credit. By the time she died in 1958 she was said to be worth £1 million.

Although there are now nine landlords in the Barras, the sites

owned by Margaret McIver's company are the heart of the market. The average rent is £22 a weekend and anyone who turns up for a pitch will be squeezed in somewhere.

Despite its longevity, by the early 1980s all was not well with the Barras. Competition, from Sunday trading (much more liberal in Scotland than in England), from Sunday football and from increased leisure activities had all helped to depress sales. Even Glasgow's nomination as European City of Culture has been bad for business because there is now so much to do at weekends. To help sort out the market's image, the Barras Enterprise Trust has set up in 1982 and most agree it has been successful in its aims. More controversial is the trust's decision to build a complex of 17 shops in the middle of the market. Some say it spoils the character of the Barras and disrupts the scale of rents. But the Barras has never been afraid to move with the times, and its traders know all about survival. "As long as you've got a pound in your pocket these guys will sell," Mr Thornton says.

SALLY KINNES

Events in town

THIS WEEKEND

● Kensington kitten and natter cats show: All breeds, including many new varieties of kittens among which there may be future champions. Royal Horticultural Society Halls, Greycoat Street, London SW1. Today 12.30-5.30pm, £2.50, child £1.80.

● Covent Garden children's festival: Entertainment for children by children. Special events include Albert and Friends' children's circus. Also, demonstrations, workshops, rides, games and a talent corner. East Piazza, Covent Garden, London WC2. Today, tomorrow.

● Old times Victorian craft fayre: demonstrations by more than 125 craftsmen and women in costume. Period entertainments include displays and demonstrations in marionettes, Punch and Judy, stillwalkers, longbowmen, falconry and clowning. Dulwich College, London SE21. Today, tomorrow 10am-6pm, £2.60, child £1.

● Westminster Serpentine regatta: International rowing event with many Olympic stars. Also dragon boats, gig-racing and fringe entertainment. Hyde Park, London W2. Today, tomorrow, 9am-5pm, free.

● Teddy bears special: For smaller children, competitions and games, rides on a "teddies train", picnics in the team. Pumping engines in full steam. Kew Bridge Steam Museum, Green Dragon Lane, Brentford, Middlesex. Today, tomorrow 11am-5pm, £1.80, unaccompanied child 90p, accompanied child with teddy bear free.

● Derby museums' family day: At the Museum and Art Gallery, try your hand at making corn-dollies or help to produce a large sculpture and collage from household rubbish. Short illustrated talks on wildlife gardening by the natural history keeper at 11am and 2.30pm. In the Industrial Museum, there will be demonstrations of model-making in the morning and Morris dancing in the after-

noon — or make a simple toy to take away. Museum, Art Gallery and Industrial Museum, Derby. Today 10am-4pm, free (information 0332 255580).

● Brighton Lions' carnival: Procession of decorated floats in the town followed by a fête in Preston Park this afternoon. Brighton and Preston Park, Sussex. Today, free.

● London Docklands festival: Entertainment for residents, those who work in the area and visitors include a Victorian fancy dress ball, old-time music hall, Victorian fair, jazz, puppet festival, displays and exhibitions. Docklands. Today until Aug 4 (information 071-515 3000).

NEXT WEEK

● Natural history book fair: Events on the theme of world conservation. Many different environmental societies and charities, talks, films, seminars, workshops and Question Time debates. Natural History Museum, Cromwell Road, London SW7. Thursday (24-hour information, 042 6927654).

● National Army Museum summer events: Eleven different activities for children, from plastic model-making under the guidance of members of the British Model Soldier Society, wargaming, demonstrations of dog handling and military music. National Army Museum, Royal Hospital Road, Chelsea, London SW3. Tues until Aug 10, weekdays 10am-12 noon, and 1-3pm (information from the education department 071-730 0717, ext 228).

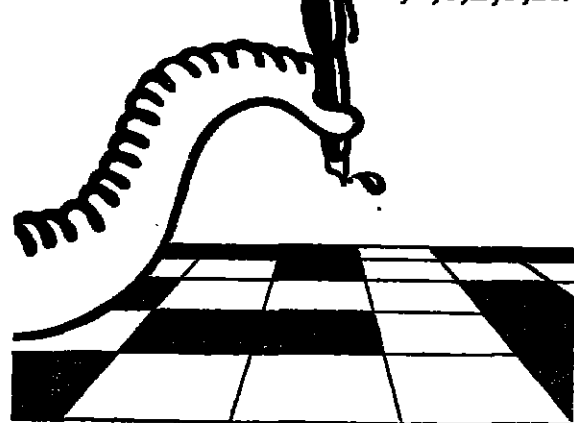
● Harrogate international festival: The London Brass Virtuosi play music by Copeland, Grieg and Mussorgsky. Ripon Cathedral, north Yorkshire. Wed 8pm, tickets £4 and £7.

● Leeds show: Horticultural show, flowers, produce. Also heavy horses, Shetland ponies, arts, crafts and trade stands, bands. Soldier's Field, Roundhay Park, Leeds, west Yorkshire. Fri, Sat, Sun, £3, child 50p.

JUDY FROSHAUG

MOBS SHOOT C.D. IF JOE BORROWS MUSKET

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THE heat is on, and it is not entirely due to the weather. Temperatures have been soaring not only in the parched land but in the deepest recesses of our souls; the animals included.

Cart-horses soon get steamed up in sultry air. Flies don't give them a minute's peace, and they are forever swishing their tails, stamping their feet and twitching. The result is that the poor horses find themselves under attack on two flanks: from biting flies or from the master for not standing still. The ability of a cart-horse to stand like a statue when ordered is second only in importance to its talent for walking, unguided, in a straight line. When the heat starts to rise, everything goes to pot and work becomes nearly impossible.

I become a handful, too. I cannot bear the sensation of rivers of sweat in which the midges paddle. I have been out with my hoe in the mangelwurzel, praying for the chill winds to blow so that we can all get back into overcoats. When it becomes too much, the

horses and I retire to the stable, where it is always cool and damp. I am often asked why we keep the horses inside during the day and let them out to graze only at night. The answer is simple: the horses like it that way. If I were to put them in the meadow by day they would only stand by the gate pleading to come back inside. If impatience got the better of them they might lean against it, and be through in an instant. Cart-horses, I have discovered, have a habit of voting with their feet.

Alice, the Large Black sow, has been voting with her snout. You will remember that a few weeks ago she was delivered of 11 lively piglets. Well, they are all thriving, squealing, biting each other's ears, sleeping a lot and spending long, blissful feeds glued to their moth-

er's nipples. But for Alice, the novelty of motherhood is beginning to wear off. When she is tired of their attentions she flops on her belly so that her ample stomach shrouds her udder. It is her way of saying: "Go off and play, dears." After a spell in the hot concrete sty, it didn't need an Agony Aunt to advise a change of scene for the young mother. I decided the sow and family should go to the orchard.

Pig-moving is a game of diplomacy. You suggest a direction in which she might like to go, and hope she takes the hint. There is no point in prodding with a stick,

Farmer's diary: Paul Heiney

Coping with the blast of the summer swine



for she will freeze. The game needs as many people as you can muster, each of whom carries a board: if a pig cannot see a way ahead, it will not go. You use the boards to deflect her progress: if she heads the wrong way, stop her with a board, and let her see only in the direction in which you would like her to go. She retains, of course, the option of standing stock still

whatever you do with the boards, but let us draw a veil over that.

At pig-moving time, any visitor is in danger of being pressed into service. It was unfortunate for our friend, the art dealer, that he happened to call that afternoon. Italian leather shoes that had known only the gentle caress of a Bond Street pavement now found themselves up to the buckles in sodden pig litter. But pig-shifting brings out the best in people: rather to our surprise, he entered into the spirit of the thing and when the moment came to round up the piglets he slithered and

pounced like a professional swineherd. Fingers that only hours before had been stroking gilded frames grabbed the hind legs of the protesting, wriggling creatures. When he next raises a finger to bid at a Sotheby's auction, few will suspect where it has been.

Alice and family love the orchard. She places her ample rear behind until the young apples cascade on to her waiting piglets. They have even made themselves a mud-wallow and are as happy as a family on Blackpool beach. Mud: nothing quite like it for cooling the blood.

So why don't our heifers go and roll in some? They have other things on their immature, feminine minds — like the boys next

door. In the field next to where they have grazed undisturbed for some weeks, a herd of young stock appeared. I knew nothing about it until the phone rang just before seven on Sunday morning: "Mr Heiney... there's a problem with your cows." I felt like Mr Barrett of Wimpole Street, discovering that my girls had been out on the razzle. The heifers were, as we delicately call it round here, "in stock"; on heat, in the heat; over-excited to a degree.

We herded them back into the field where they should be, reconnected the electric fence and turned our backs for a moment. This was long enough for them to toss aside the wire, which was pulsating with 5,000 volts, barge through a spiky blackthorn hedge and dive between three strands of barbed wire. Very perplexing — especially as my keen farmer's eye had now detected what they had not: that all the animals in the field next door are girls, too.

I blame the heat. It is unsettling us all.

Assets

Peaceful coo in the cote d'amour

DOVES, symbolic of peace and love, add instant life to a garden, wherever it may be. The birds were probably introduced to Britain by the Romans. Later, they were kept as a food supply for the wealthy and there were severe punishments for any of the peasantry who poached them. These days, doves are kept for their decorative qualities.

A small Oxfordshire company called Dovecote supplies birds, dovecotes and advice. The owner, Philip le Mare, provides at least one pair of breeding doves with each dovecote, as well as free installation and a month's supply of suitable food.

Caring for the doves is mostly common sense, Mr le Mare says. They are basically wild birds, so keeping them in the garden requires a constant supply of good food and water near the nesting box. They like small seed and corn, barley, wheat and hemp seed, available from pet shops.

Dovecotes' weatherproof dovecotes are finished with an oil-based preservative so that they remain maintenance-free for at least five years. Doves usually mate for life, so each entrance in the dovecote leads to a single nesting box for each pair of birds.

The smaller dovecotes, fixed to a wall or post, suit gardens of any size, while the largest are the equivalent of stately homes, standing 12ft high and taking up to

12 pairs of doves. Most popular is the Honeycote, a hexagonal structure with six nesting boxes which can be wall or pole-mounted and costs £485, including carriage, installation and two pairs of white fantail doves.

An unusual Gothic dovecote, with an ogee roof, can be made to order by Tim Barron Productions. Mr Barron believes the correct place for a dovecote is against a solid wall, where the nesting boxes stay warm and cosy. His dovecotes are made of painted wood, measure 4ft x 6ft x 9in deep and have 12 nesting boxes. They cost £684.25 plus carriage.

In London, dovecotes can be ordered from Harrods, which offers white hexagonal pole-mounted dovecotes at £350 each. Another source is Machin Designs' English Garden Collection, whose elegant two-storey dovecote has a domed glass-fibre roof, and glass-fibre trays on each floor. It can be fixed to an exterior wall, using the fixings and instructions supplied. Price £676 plus carriage.

NICOLE SWENGLEY

● Dovecote, Dove Cottage, Parsons Street, Adderbury, Oxfordshire OX17 3LX (0295 810751). Tim Barron Productions, Unit 4, Old Coalyard Farm Estate, Northleach, Gloucestershire (0285 720007). Harrods, Knightsbridge, London SW1 (071-730 1234). Machin Designs, Ransome's Dock, Parkgate Road, SW11 4NP (071-350 1581).



Dove lover: caring for birds is simply common sense, says Philip le Mare, who makes a range of dovecotes

Wicker's world

Hot-air ballooning is an expensive pastime — but the thrill is worth every penny

Should you wish to travel about six miles in an hour, at a considerable expense and with no particular regard to destination, try hot-air ballooning. There is also the possibility of being dragged across a rough field, complete with bulls, with nothing except a layer of wicker separating you from the ground. On blustery days, the steering, which is nonexistent, could just drift you into a set of telegraph wires. In fairness, this does not happen: but such thoughts are a logical extension of the decision to go ballooning in the first place. We are in the country of just-regulated lunacy.

We met 12 of us, on a summer evening in a field near Newbury in Berkshire. One of the passengers had "done most of the thrills", from parasailing to scuba diving. "After this," he said solemnly, "there is only Concorde left."

The Rainbow Voyager is a gigantic, onion-shaped envelope, the height of a ten-storey building, and heated to airworthiness by a set of propane cylinders anchored above the passenger basket.

Taking off is a creaking, straining process, but once the ground recedes it does so with the speed of a lift, and the silence of air itself.

The Wessex Downs begin to roll, and then to flatten again as you climb to 1,000ft and beyond. The height of the balloon is controlled by short, deafening bursts of propane propelled into the balloon on long dragons' tongues of flame. Since the wind currents are stacked in layers, this controlling of height is also the controlling of direction.

The real work is being done on the ground, where a Land-Rover is doing its best to follow. Even with

a two-way radio and an Ordnance Survey map with which to pick a way along the tracery of side roads, the groundlings still have the look of a boy who is forever losing his expensive ball over the neighbour's fence.

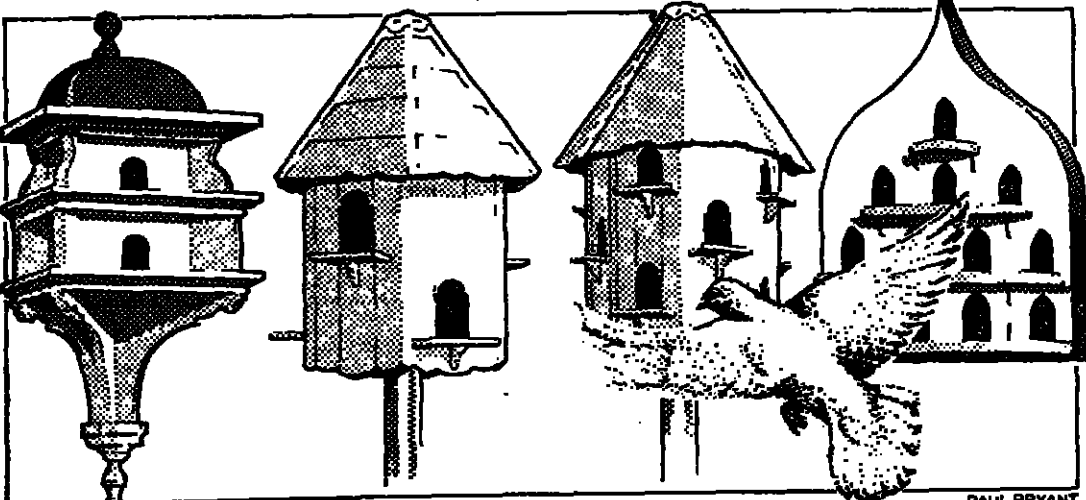
The neighbours in this instance are the farmers, and there is a code of behaviour agreed between the 2,000 members of the British Balloon and Airship Club and the NFU. This entails not flying too low over stocked fields and avoiding landing on the crops.

According to James Scott, an insurance broker, theatrical producer and owner of the Voyager, the sport has never enjoyed greater popularity. He bought the custom-built balloon, the Land-Rover and its trailer for a total of £50,000, and will probably recoup within a few years. A smaller balloon can be had for less than £10,000, and folded into a car-drawn trailer.

At the end of an hour, the sun and the balloon were setting in sync, the landscape had stopped pretending to be a map, and everything seemed to be gathering in from the edges at an alarming rate. Two bumps, something like a small skid, and then inertia. The Concorde man unfolded himself from the base of the basket and admitted that he was impressed. The Land-Rover could be heard coming up the lane like an adult at lights-out.

ALAN FRANKS

● The Independent Balloon Company, of 71 Smithbrook Kilns, Cranleigh, Surrey (0483 268458), charges £130 per person for an hour's flight, and £230 for a double ticket.



High life: this elegant two-storey, wall-mounted dovecote by Machin Designs has a domed glass-fibre roof. Price £676

Pole position: the Dovecote range includes two hexagonal, pole-mounted, wooden dovecotes to take six or 12 pairs of birds. Price, from £485, including two white fantail doves. Larger dovecotes available are equivalent to stately homes, standing 12ft high

Gothic: Tim Barron Productions' range includes this dovecote with an ogee-shaped roof and 12 nesting boxes. Price £684.25

Country events

THIS WEEKEND

● Swanage carnival and regatta: Week of activities begins today with a 12 mile road race and fireworks over the harbour at 9.30pm. Carnival procession tomorrow 3pm. Swanage, Dorset. Today until Aug 5, free. Further information Swanage TIC (0929 422885).

● Music and fireworks: celebrating the National Trust's acquisition of the 18th century landscape gardens. Take a picnic and enjoy the Grecian valley and silver band. Fireworks at 10pm. Stowe Landscape Gardens, Stowe, Buckinghamshire. Today, tomorrow, gates open 6.30pm. Tickets must be booked: £10, child under 5 free. (Information 0280 822850).

● Baileys Shropshire summer-stage concert: The Academy of St Nicholas, conducted by Robert Wynn, plays music by Handel, Pachelbel, Bach, Mozart, Warlock and Elgar. Attingham Park, near Shrewsbury. Today, 7.30pm, gates open 6pm. £8.50. Box office (074 377203).

● Open air theatre: A Midsummer Night's Dream, presented by The New Players. Hanbury Hall, Droitwich (0527 84214). Today, tomorrow, 2.30pm, £3, pre-booking necessary.

● Meet the gardener: Explore the Apprentice House Garden, sample the produce and talk to the head gardener about organic vegetables, fruit and herbs. Quarry Bank Mill, Sneyd, Cheshire. Today, tomorrow, 11am-5pm, small admission charge.

● Battle day: Tank battle at Galloway Hill from 9am, aerobatics from 12.15pm, displays and stalls. Royal Armoured Corps Centre,

Bovington Camp, Wareham, Dorset (0929 462721). Tomorrow from 9am, £4, child £2.

● Northern area archery championships: Archers from all over the north of England will compete. All the normal attractions open throughout. Holker Hall and Gardens, Cark-in-Cartmel, Cumbria (05395 58328). Today, tomorrow, 10.30am, small admission charge.

● National Trust craft festival: Lakeside craft village set out in the park. Crafts for sale, demonstrations, full catering and licensed bar. Exhibition and workshop by the Royal School of Needlework, cookery displays, puppets, bands, Morris dancers. Petworth Park, Sussex.

● Fête champêtre: Celebration of Spain with the Southern Festival Orchestra, ballet and flamenco on the open floating stage, fireworks and dancing. Stourhead House, Warwickshire. Today 6.30-11pm, £6-£11, box office (0747 840142/840348).

● Penrhyn Castle country fair: Rare breeds of calves and lambs, children's play area, wargames. Penrhyn Castle, Bangor, Gwynedd, Wales (0248 353084). Tomorrow, from 12 noon, £2.80, family ticket £7.

● Festival of pub games and real ale: For serious beer drinkers with a traditional sense of humour. Games include darts, egg-tossing, passing the spud and egg-tossing. The Royal Oak, Chichester Road, Midhurst, West Sussex. Today, (information 0730 814611).

● Lacock Abbey summer festival: Wine, music and a candlelit picnic in the cloisters. Lacock Abbey, near Chippenham, Wiltshire (024 973227). Tonight, 6.30pm, £6, £8.50.

NEXT WEEK

● Open air theatre: Romeo and Juliet is tackled in the 27th production by Brownsea Open Air Theatre. Church Lawn, Brownsea Island, Dorset. Mon-Wed 7.30pm, last ferry to island from Sandbanks 7pm, £6 including ferry. Booking and information (0202 707744).

● Lyme Park children's activities: Over 20 to be sampled including archery, assault courses, paper quilling, model making and miniature fairground. Lyme Park, Disley, Stockport, Cheshire (0663 62023). Mon-Fri, 11am-4pm.

● Marsh safari: Examine invertebrate life below the water at Scansdale. Scansdale Hays, Cumbria. Thurs, free. Meet at Roanhead car park 2pm (information from the National Trust, 05394 33883).

● The art of illustration: Sheila and Francis Wainwright's tribute to the author of Pinocchio, Carlo Collodi, who died in 1890. The Wainwrights translated and illustrated the classic in 1986. On display, various editions, models and puppets — many from the village in Tuscany where Collodi's mother was born. Shugborough, Milford, near Stafford. Mon-Wed (0899 881388).

● Butterfly week: Guided butterfly tours, craft activities including face painting. Wildfowl and Wetlands Trust, Arundel, West Sussex (0903 883355). Mon-Sun.

JUDY FROSHAUG

CORRECTION: One of the telephone numbers given for Tessanna Hoare, who makes weather vanes (Assets, July 14), was incorrect. The number should have been 071-836 5205.

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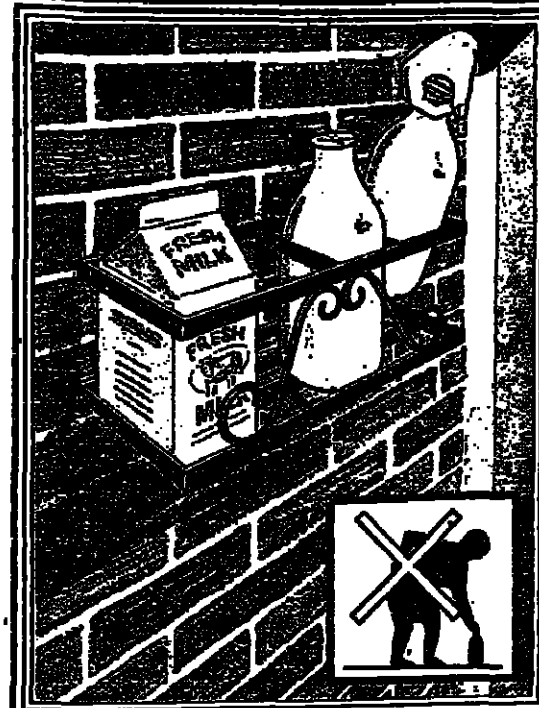
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Reaping a bitter harvest of taste

A year of record prices paid at auction leaves doubts in the minds of connoisseurs

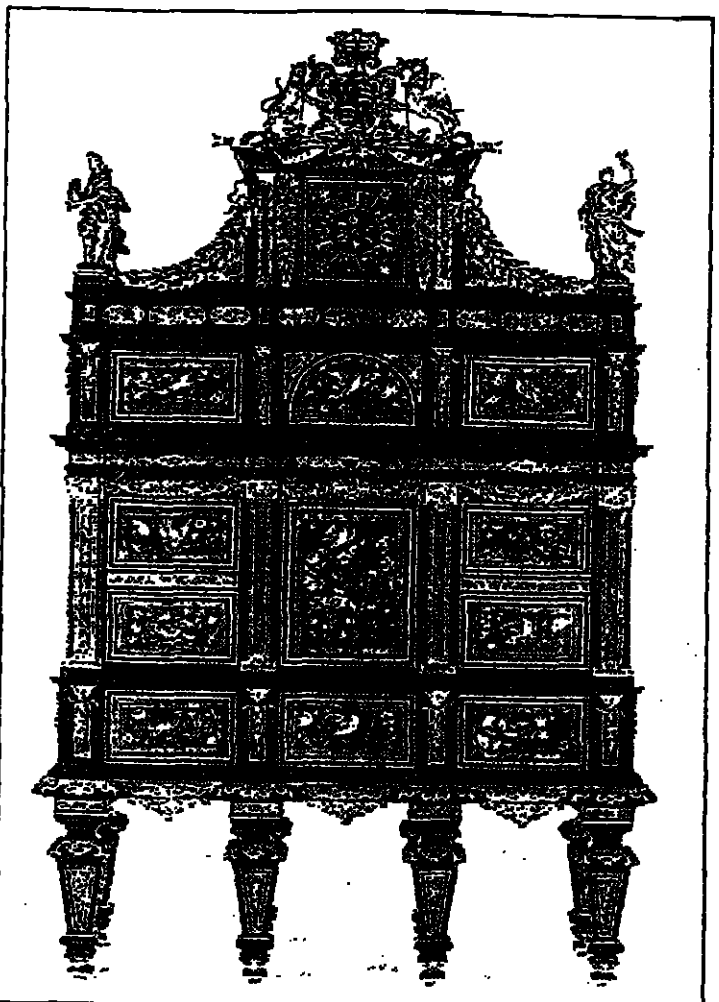
The real reason for the recent erratic behaviour of the art market is far more serious than its members think. Dealers blame auctioneers, while auctioneers blame collectors for causing the speculation which has caused the high failure rates at sales. But these are the effects rather than the cause, which is nothing less than a massive, world crisis of taste.

In the old days, taste was a relatively simple, localised phenomenon, involving interplay between artists, commissioning clients such as the church, and patrons like the Medicis in Florence and the shoguns of Japan. Even in 18th and 19th-century Britain, when the market widened to embrace the bourgeois buyer, taste remained uncomplicated, being dictated by such leading figures as the artist Sir Joshua Reynolds and the critic John Ruskin. Prices were based on concepts of skill rather than genius, and so, 100 years ago, decorative works were prized over the daubs of, say, Van Gogh.

Now, as the 20th century draws to a close, the unprecedented internationalisation of the market, coupled with a sense of liberation from the tyranny of the sequence of artistic styles which has dominated aesthetic judgments for 80 years, has created a generation of liberated, but idiotic buyers. Encouraged by the brilliant marketing techniques of the auction houses (which consciously set out to sell to them direct, thus cutting out the sobering stratum of the dealer-middleman), they have rushed to buy works from any and every culture, using the criterion of "I know what I like". As the market splutters and blows a few gaskets, callow collectors all over the world are looking at their purchases and asking: "What have I done?"

They have entered a swamp through which no individual knows the safe route. Indeed, no one knows whether there is a way out. They have to decide whether to go forward or back.

Current "taste" is further confused by ignorant idealists enamoured of the manifestations of



Skill meets genius at auction: the Badminton Cabinet fetches £8.5 million, while *Femme à l'ombrelle rouge* by Matisse sells for £7.8 million

other cultures. This happened to contemporary, avant-garde Russian art, when, following a successful auction by Sotheby's two years ago, European and American fools rushed in, dazzled by the apparent romance of the work.

But they were oblivious to the fact that the Soviet Union has not produced any art of significance since the revolution. This blindfold approach is best demonstrated by the reciprocal interplay between the West and Japan.

During the last decade, cohorts of Japanese buyers have moved in on second-rate Impressionist and American contemporary paintings, applying criteria which mystify the West. Usually they steer clear of what, in western opinion, are top-ranking works, preferring to buy from a limited range of artists they deem "blue chip". A bizarre shopping list has emerged of minor, often kitsch

names such as Vlaminck, Laurencin and Buffet, adding further confusion to the scene.

Theories on the appeal of these artists include the fact that some have a linear look, in keeping with traditional Japanese art. Many works are, however, soft and saccharine in the extreme.

Finally, does the fact that many are stored away mean a worthy continuation of the eastern tradition of owning scrolls, kept at home in privacy, or indicative of a nation of cynical investors?

Conversely, Americans have been buying the occasional blockbuster oriental work for its decorative appeal, according to western canons of taste. "They don't know whether to associate Chinese work with lacquered screens or Chinese restaurants," said the London dealer Giuseppe Eskenazi, who fears a mass exit of these buyers now that the Impressionist market has gone rocky.

Far more potentially dangerous, however, is the effect of current



"taste" on the contemporary market. Here the concept of art as objects for contemplation has been all but lost on buyers. A handful of artists get labelled blue chip and become a kind of global currency, even though it is far too early for posterity to judge.

The phenomenon is best demonstrated in America, where many collectors have turned auctions into platforms for performances worthy of Pavarotti, applauding each other for high prices.

A visit to any of the many contemporary art foundations springing up over the United States reveals a disturbing uniformity of choice. Jasper Johns, De Kooning and Warhol are favourites. Where are all the other artists one assumes must be at work in the country?

The position in Britain is more liberated, because there is less money involved, but no more reassuring. Ten years ago, the worthy manifestations of the

conceptual art movement held sway, and only public bodies bought them.

Now, buyers have started quarrying retrospectively our tradition of "Romantic" or eccentric art, epitomised in work by artists such as Stanley Spencer. They have also started buying contemporary manifestations of this tradition, not noticing their feebleness. There should still be a place for conceptual or challenging art, but instead it is being ignored.

Art is not meant to be easy, or a straight investment, and so this is a cautionary tale. As to what happens next, who knows? On the one hand, the auction houses have done art a service by making it desirable to more people than ever before.

The question is whether the recent miscellany of motives can be transformed into genuine connoisseurship and steady expansion, or whether, feeling their fingers burnt, the buyers will beat a massive retreat.

Tops and flops in the salerooms

THE TOPS
Impressionists: The Matisse painting *Femme à l'ombrelle rouge* fetched £7.8 million at Sotheby's New York last winter. A Manet, *Rue Mosnier au Dépenseur*, was bought by the Getty Museum for £26.4 million. Records too for Delacroix (about £3.25 million), Vuillard (£4.5 million), Mondrian (£6 million), Miro (£5.9 million), and Brancusi (nearly £5 million). Record for any work of art when the Van Gogh portrait of his

homoeopathic doctor, Dr Gachet, was sold for £49.7 million at Christie's New York to the Japanese industrialist Ryoei Saito. Two days later Mr Saito paid £46.2 million for the Renoir *Au Moulin de la Galette* at Sotheby's. Record for the Spanish Impressionist Sorolla when his sunlit painting of the Playa de Valencia fetched £1.8 million.

Old Masters: Christie's doubled the record for Renaissance sculpture when the *Rape of a Sabine* from a model by Giambologna sold for £2.75 million in London last December. Sotheby's bettered the price when a bronze dancing faun by De Vries, the Dutch Mannerist, broke all sculpture records at £6.8 million. Record of £3.8 million (double the estimate) paid by Agnews for group portrait by Zoffany of Lord Willoughby de Broke and his family. Records too for the Canaletto view of the Thames at Westminster (£1.32 million) and the last landscape by Rubens in private hands (£3.3 million).

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THE FLOPS
Four wax models of dancers by De Gas offered by Paul Mellon at Christie's New York last November. Picasso's *Death of Harlequin*, thought to have put buyers off because of morbid content. The Mauritian Post Office philatelic cover offered by Christie's Zurich (estimate, £1 million). Bernini marble portrait bust of Gregory XV (sold unrecognised by Christie's in 1978 for £85), expected to break the world record for a sculpture but unsold at Christie's New York (estimate, £7 million). There were no bids for *St Peter in Prison* (the first fully accepted Rembrandt to come on the market since 1986), at Christie's New York in May (estimate, £5.75 to £8.75 million). Apathy at Sotheby's: the ownership of the manor of Stratford-on-Avon remained unsold this month (estimate, £250,000).



Pop: Record for pop art at Christie's New York in May when the Roy Lichtenstein *Kiss II*, a painting based on a cartoon image, sold for £3.6 million to the Fuji gallery of Japan, acting on behalf of an industrialist. Record too for De Buffet at £3 million.

Miscellaneous: The Leica R6, hand-made last July to mark the 150th anniversary of the camera, fetched £26,000 at Christie's South Kensington in November, raising the record for a camera by £5,000.

Winner and loser: Leica camera and Bernini bust

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Classic cars overheated

JAMES Bond clones have caused the prices of classic cars, such as the Ferrari, to overheat. Prices raced when speculators entered the market in 1987, only to falter at Christie's Monaco sale last May, when only 12 out of 48 cars sold. Having gone soft on top, however, this market appears relatively solid underneath, although vintage 4.5-litre Bentleys are grounded at last year's prices of £150,000 to £250,000, while pragmatic motorbike dealers have slashed 20 per cent off, in order to kick-start sales.

Specialities such as grand prix racers have actually put on 50 per cent, as seen at the Robert Brooks sale in May, when one fetched £1.4 million. The biggest challenge in this market is how to estimate the prices of prestige cars which have been largely rebuilt. This month, a High Court judge reserved judgment over Old No 1, the vintage Bentley Speed Six racing car whose owner wants £10 million for it, despite the fact that it crashed in 1932 and is, in the opinion of the defendant, only the sum of a fraction of its original parts.

SURPRISINGLY, considering its long-time associations with ostentatious and often nouveau wealth, the jewellery market is rock solid. This is because dealers have maintained their near-monopoly through cunning after-service, mollycoddling their often insecure clients like kings and queens. As a result, auction prices are double those of ten years ago; expect prices to be doubled again by shops. Raymond Saneroff-Baker of Christie's says the eventual owners of these gems are aged between 35 and 55, and wear them to "private parties in capital cities", rather than storing them in vaults. Out of fashion are the lumpy accessories of the Victorians. In vogue are tiaras by Cartier "because of the name, and the fact that the quality is guaranteed".

JUDGING from the poor performances of recent Russian avant-garde art during the closing season of auctions, its honeymoon with the West is over. Instead, Social Realism, as presented by the London dealer Roy Miles, is gaining sway. "My balance sheet," he says, "makes delightful reading." His opinion on Russian art has much in common with what one might expect of Stalin. "The red blood of Russia is its realist art," he says. "Workers' canteens, birch trees, circuses, pictures of happy people." He believes his brand of realism is booming because the USSR and the UK are brothers: "Both countries have a conservative, literary background; both are in a cul-de-sac."

MEANWHILE, alarm bells have been ringing at Bernard Jacobson's West End gallery, where, on the one hand, prices for the modern British artists he



Collectors in camera: bidders ponder erratic prices this week

represents, like Ben Nicholson and Stanley Spencer, are up, but on the other hand, compared to their counterparts in America, such British art is cheap, and therefore vulnerable to hype and over-exposure.

"It's great that we're now in the forefront of world art, but we must be careful," Mr Jacobson says. "Collectors have been coming to me offering works and thinking I'm Father Christmas. I'm just not buying because they ask unrealistic prices."

Further down the price and quality scale, Phillips was talking of a "slight dive" at its March sale, followed by a good performance in June.

Pretty-pretty pictures such as the rose-covered cottages of Helen Allingham are down by half, compared to the £20,000 they fetched last year. The market in early 20th-century Irish paintings by such artists as Jack Butler Yeats has suffered a bruising as a result of the all-too-familiar four phases of speculation: register of rise in prices; imposition of over-ambitious reserves at auction; failure by the works to sell; despond.

THE silver market has benefited greatly from the Al-Tajer effect: the afterglow generated by an exhibition last January at Christie's of the country's most fabulous silver collection, owned by the ambassador to London for the United Arab Emirates in the 1970s Mohammed Al-Tajer.

"The age of conspicuous consumption is back," says Charles Truman, Christie's silver expert, whose first two sales this year equalled his entire result for last year. But it has still taken the world record five years to double, from £440,000 to the £1.2 million paid last May for a 17th-century Sicilian silver fountain, and the effect has not improved the prospects of run-of-the-mill items like Georgian plate and candlesticks.

THE oriental market has become sinister in its unpredictability, with some quality objects, such as the record-breaking Tang horse, selling well, but some equally highly-esteemed fellows flopping.

As a result the Japanese, who have been investing large sums of money, are worried, while the Americans, who are in the habit of buying major, one-off pieces, are expected to back off. Porcelain remains strongest as a category. Significantly, the season ended with the announcement by the London dealer Giuseppe Eskenazi that he has secured for sale the Charles A. Greenfield collection of Japanese lacquer, in the face of fierce opposition from the auction houses.

One reason could be that he prefers the understated selling approach of the dealer to the shout-it-from-the-rooftops line taken by the auctioneers.

There are, however, a number of explosive elements, such as the uncanny way certain artists soar in value when an exhibition is in the offing. The prospects of Gandolfi, the "Bolognese Tiepolo", have improved greatly for this reason. "He is easy to recognise, and that makes him more valuable," says Julien Stock of Sotheby's. "It makes buyers feel good when people come to your house and recognise his work." Many bargains are still to be had by those in the know, although the market for greats like Titian and Tintoretto remains depressed.

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Carol Sarler on the comedy festival in Montreal—up comedians

Comedian Sarler, producer of the good, the great and the wicked when he was "Funny in France." He commended the Quebec festival, which was in Montreal last week—for the international comedy festival was "a real riot." For the first time in 11 years, he said, he had a million laughs and the 400 comedians who took part in the festival "will see it on television around the world—thus comedy is no more or less an exclusively collected set of American mainstream standards." He said these comedians "are the same."

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Holding Masters to

Art prices soar,
animals have
become increasingly
attached to the art
market. Report by
Joseph Williams

been crime, but stealing a bit of art is pretty close. Our dealers are dealing in Old Masters or an impressionist and the global value of art is put at £2 billion per year, out of which is never recovered.

In Gogh would scarcely have been able to sell his paintings for the lifetime, his genius was so much appreciated by legitimate dealers.

Two of his paintings were stolen last month from a Dutch museum. Last year another three were stolen and a ransom demanded, and one painting was taken back as proof of the "stealing". (The ransom was too high and was never paid.)

Facing the paintings is an art in itself and goods change hands so often that they often end up in someone dealer's possession. In 1980 a person brought a gold watch to Christie's which was authenticated as a Brighton Brighton Castle was offered for sale. It was "hot" the tell-tale mark of a "Dover crest". If the watch is in doubt, and there's a way to prove it, we withdraw it from the market. Sir Colin Reeve, head of Christie's, "But once claimed their watch clock was identical to one without substantial evidence. There are many clocks.

One step is difficult to establish the deeds and documents of the past, and private collectors and curators descriptions are unhelpful to the police. The best convince people to donate their collections.

The Chief Inspector of Scotland Yard, head of Scotland Yard and Antiques Squad, says that a stolen clock worth two horses in a field. Collectors know the value of what they are unaware of the huge numbers of thieves who are the museums.

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10.25 Film: The Spy with a Cold Nose (1956) starring Lionel Jeffries and Laurence Harvey. Silly spy tale, from the distinguished team of Alan Gifford and Ray Simpson, of a vet who is blackmailed by MI5 into inserting a transmitter in a dog which is being taken to the Soviet leader as a present. Directed by Daniel Petrie (CeeFax)
11.55 Tom and Jerry Double Bill
12.05 Sign Extra. An edition of the programme Clean Slate adapted for the hearing impaired. Wales: Farming in Wales
12.30 Country File. John Craven and Rupert Segar look at the effects of tourism and the "leisure industry" on areas of natural beauty such as the Lake District
12.55 Weather
1.00 News with Martin. Followed by Speaking Volumes. P. D. James and guests Kathleen Tynan, Peter Barnes and Anthony Grey cast their eyes over a controversial Sylvia Plath biography, a history of the world, and a war thriller. 1.45 The Pink Panther Show (r)
2.00 EastEnders (r) (CeeFax)
3.00 Film: The Quiet Man (1952). John Ford's penchant for mixing sentimentality and knockabout humour was never more successful. Demonstrated than in the bawdier comedy of love and feuding in an Irish never-never land. The story is



John Wayne in search of a wife (3.00pm)

- 6.25 News with More Stuart. Weather
6.40 Festival. Bill Oddie visits a Nordic Festival in Stratford-upon-Avon. (CeeFax)
7.15 All Creatures Great and Small. More from the personable Yorkshire vets (r) (CeeFax)
8.05 Blackadder the Third. Historical sarcasm with amoral Edmund Blackadder is curbing both sides involved in the French revolution and the Scarlet Pimpernel in particular.
8.35 Film: Travelling North (1986) Leo McKern as a cantankerous, 70-year-old retired engineer quaffing Melbourne for Queensland and having to be cared for by his middle-aged girlfriend (Julia Blake) after his health gives out. A strongly acted Australian version of On Golden Pond. Directed by Carl Schultz (CeeFax)
10.15 News with Martin Lewis. Weather
10.25 Everyman. Dear Archbishop. With the announcement on Wednesday of the Bishop of Bath and Wells to become the new Archbishop of Canterbury, Everyman has asked contributors to write a letter to the Archbishop on the issue of which he should be concerned
11.05 The Days and Nights of Molly Dodd. Comedy starring Bill Brown as an American real-estate broker. Cricket - Glenn v Derbyshire
11.30 You and Me. What will the single European market mean for our environment? Wales: The Days and Nights of Molly Dodd
12.05 Film: The Sky at Night. Patrick Moore looks at an exciting project, very much in the future, a manned landing on Saturn's largest moon. Wales: 12.00 You and Me
12.30 Mahabharat (r). Wales: News 1.10 Weather

ITV LONDON

- 6.00 TV-am
8.00 TV-am Reports. Current affairs programme presented by Lisa Aziz and Geoff Meade. Includes news at 8.00 and 8.05
9.25 Film: Wild Jack. Part three (1988) starring John Schneider, Carol Huston and Mel Ferrer. Television movie from the Disney factory about an Alaskan wilderness guide who finds his life transformed when he becomes the trustee of a multi-million dollar company. While in the city, he becomes involved with the disappearance of a woman with severe financial problems. Directed by Harry Harris and James Quinn
10.15 The Campbells. Adventures in Canada of a 19th-century Scottish pioneering family
10.45 Link. An examination of how Afro-Caribbean and Asian disabled people find themselves suffering from double discrimination
11.00 Morning Worship from St Bede's Roman Catholic Church, Carlisle
12.00 Heartland: Feeney of the River. John Swinfield meets some of the threatened tribes of the Brazilian rainforest as he journeys by boat down the Amazon in the company of Irish Roman Catholic priest Michael Feeney
12.30 The Care Bears Family. Cartoon series 12.55 LWT News and weather
1.00 News with Sue Carpenter
1.10 An Invitation To Remember. Sir John Mills talks about his life and career

- 1.40 The Big Valley. Western series starring Barbara Stanwyck as a California ranch owner
2.40 Film: The Fiendish Plot of Dr Fu Manchu (1980) starring Peter Sellers and Helen Mirren. A sad end to Peter Sellers' comic career. An extremely unlikely plot in which he plays the roles of both the wicked doctor and the Scotland Yard inspector who is on his tail. Directed by Piers Haggard
4.30 International Rugby. Highlights of the first international between Argentina and England played earlier today in Buenos Aires. After England's wretched start to the tour, losing to weak and unfancied opposition, a convincing display is badly needed. The commentators are Bob Simmons and Gerald Daves
5.30 A Kind of Living. Richard Griffiths stars in the downbeat sitcom
6.00 All Cried Up. Game show hosted by David Hamilton
6.30 News with Sue Carpenter. Weather 6.35 LWT News and weather
6.40 Castle in Europe. Roy Castle joins the preparations for the world's most famous religious play, the Passion Play of Oberammergau
7.15 Jimmy's. The doors of Europe's largest teaching hospital are opened to record the stories of the patients and staff of St James's Hospital in Leeds
7.45 Forever Green. John Alderton and Pauline Collins star in the drama series about a family who escape the hassles of London life by moving to the country but discover pressures of a different kind (r) (Oracle)

- 8.45 News with Sue Carpenter. Weather 8.00 LWT Weather
9.05 Yesterday's Dreams. Final episode of the three-part love story about a couple who renew their relationship after having been divorced for seven years. Starring Judy Loe and Paul Eddowes (r) (Oracle)
11.00 Red Empire: Class Warriors. Worthy, unexciting series charting the history of the Soviet Union through archive film and first-hand memories, with periodic appearances by the historian Dr Robert Conquest. Eye witnesses who experienced the first years of Stalin as the USSR's undisputed leader recall the attempt to modernise the country through the five year plans and the disastrous collectivisation of agriculture. Inevitably covers much the same ground as Thames Television's recent Stalin biography. The narrator is Sean Phillips
12.00 Film: A Touch of Love (1989) starring Susan Dennis and Ian McKellen. A sensitive drama about a single parent - the result of her first sexual encounter - and the emotional experiences. Directed with feeling by Wans Hussen
2.20 The TV Chart Show (r)
3.20 Pick of the Week
3.50 American Dreamers: Acid Rain. Since destroying the lakes of Scandinavia and Northern Canada, acid rain has become a threat to the forests, temples and cathedrals of the industrial world
5.00 ITN Morning News. Ends at 6.00

CHANNEL 4

- 6.00 Transworld Sport (r) 7.00 Gardeners' World (r). (CeeFax) 7.30 Once upon a Time... Life. An animated odyssey through the human body 8.00 Early Bird 8.25 David the Gnome 8.55 Remona
9.25 Band Baja. A new six-part series of songs and music
10.00 A Week in Politics includes interviews with Jack Straw, shadow education secretary, and Greville Jenner
11.00 Storywheel (r) (Oracle)
11.30 Ely & Jools. Continuing the new Australian series about two kids who fall in love but one of them is a ghost
12.00 The Watsons 1.00 Land of the Giants. Science fiction adventures
2.00 Film: Blanche Fury (1948). Handsomely photographed melodrama of the type beloved of the Rank studio in which Victorian gossamer Valerie Hobson meets her match in Michael Gough. But she is really in love with the family steward (Stewart Granger), and becomes caught up in murder and tragedy. Directed by Maurice Elia
3.45 Mervyn's Spirit and a Day in the Life of a Mosquito. Puppet animation
3.55 Gentleman Jim Reeves. The profile of the country singer seems to have been put together for the 25th anniversary of his death. If so, it is being shown a year late. But whatever the excuse Reeves is worth recalling and there is no shortage of family and fans to keep his name alive. The clean-cut all-American boy, with his sentimental ballads and his toupee, seems an anachronism now but on one count, at least, his record sales topped those of Presley and Crosby. After he died piloting his light aircraft his fame if anything increased as his widow cleverly used his demo tapes with top backings. The process

- was taken further when the voices of Reeves and another dead country singer Patsy Cline were combined on one record. Little is offered to dent the gloomy image, although it is suggested that Reeves could be temperamental and that as a white Texan of traditional views he may have been embarrassed by his popularity among black South Africans
4.55 The Nat King Cole Show (b/w). Today's guests: Johnny Mercer
5.25 News summary and weather
5.30 Cycling: Wincanton Classic. Brighton to Brighton - 148 miles
6.30 The Cosby Show. American sitcom starring Bill Cosby
7.00 The People Alternative: Power to the People. The last in the series offers a controversial view of the energy future (Oracle)
8.00 Beyond the Groove. An exploration of the music, landscape and personalities of the US, starring the late David Haggard as Sir Harold. Haggard, a composer, writer and businessman lived from his office into a musical odyssey through America. Today, he meets Shakespeare's Sister, the Eurythmics, the Pixies, actor Harry Dean Stanton and the entire Womack family
8.30 Film 4 Today: Our Day Out. The latest instalment of David Ross's BBC dramas of the 1970s is Willy Russell's first feature-length screenplay, in which 30 children and one teacher set out by coach from Liverpool to north Wales and the volatile mixture erupts. Directed by Peter James
9.55 A Turbidity. The starting tonight and running through to Wednesday, this is a visual interpretation by Tom Phillips and Peter Greenaway of the first eight cantos of Dante's Inferno. When the pilot was shown three years ago, this newspaper called it "a thinking person's video" and it is difficult to improve on that description. The



John Gielgud: narrative voice (9.55pm)

- narrative is delivered by actors, notably Bob Peck, John Gielgud and Joanne Whalley-Kilmer, shown in close-up against a black background. From this most austere of media we move to a dazzling mixture of animation and modern news film, with scholarly footnotes delivered by experts who appear on the screen in small boxes. The sound track is similarly varied and complex and there is so much for the eyes and ear to absorb that it is just as well each canto lasts only 11 minutes. The message is that the Inferno offers a vision of hell which transcends the Middle Ages and has its echoes in our own times
10.20 Film: The Defiant Ones (1958, b/w) Tony Curtis as a bigoted redneck who escapes from a southern chain gang managed to black lebel convict Sidney Poitier. A powerful, if slightly contrived, indictment of intolerance and racial segregation. Directed by Stanley Kramer. (TeleText)
12.10 Film: The Black Cannon Incident (1985). An award-winning satirical comedy from China about a German-speaking engineer (Liu Zhenqiang) who sends a cryptic telegram and comes under completely unfounded suspicion of industrial espionage. With English subtitles. Directed by Huang Jianxin. Ends at 12.20

BBC 2

- 6.35 Open University: 6.35 Klein's Unification of Geometry 7.00 Noise Pollution 7.25 Hayden's London Symphony 7.50 Einstein's General Relativity 8.15 The World of Music: Harmonic Analysis 9.05 Oceanography: Rockall 9.30 Inner-City Story 9.55 Arts Foundation Course: Melodrama 10.20 Biology: Feeding Turkeys 11.10 Mental Handicap: Finding a Voice 11.35 DNA: The Space of Life
12.00 Westminster Week. Christopher Jones with highlights of the week in Westminster, followed at 12.35 by regional reviews of the Parliamentary week. (CeeFax). Wales: Sign Extra; Northern Ireland: A Taste of Ireland
1.00 Grandstand introduced by Bob Wilson. The line-up is (subject to alteration): 1.00 and 3.00 Motor Racing: the German Grand Prix from Hockenheim and the seventh round of the Esso British Touring Car championship from Brands Hatch; 2.30 and 3.30 Swimming: the TSS National championships from Crystal Palace; 4.30 Equestrian: the World Equestrian Games from Stockholm featuring the show jumping phase of the three-day event
6.30 One Man and His Dog. The Scottish heat of the BBC1 International Sheepdog championships. Three shepherds put their dogs through their paces in the beautiful hills of the Derbyshire Peak District
7.15 Rough Guide to the World. Magenta de Vine and Sankha Guha visit Ho Chi Minh City, previously Saigon, 15 years after the American forces

- withdrew from the city. Watchable and informative, although bordering on the pretentious. (r)
8.05 The Last Sunset. Highlights of the arts and media programmes, with singer/songwriter/record producer Nick Lowe, architect Ron Herron and his "technological utopias" now being built and San Francisco television reporter Paul Wynn, who has turned his experiences of Aids in the city into a visual diary



Joseph Campbell: hero watcher (9.05pm)

- 9.05 Joseph Campbell and the Power of Myth. Campbell was an American professor of literature who made a lifetime study of myth in religion and the arts. Just before his death three years ago at 87 he recorded this series of conversations with Bill Moyers which drew healthy audiences on public service television as well as spawning a best-selling book and a video. Campbell's thesis is that while they may be drawn from many different cultures, myths reveal common concerns and experiences that provide a model for our own lives. In the first talk he takes up the idea of the hero, moving rapidly from Christ and Buddha to King Arthur before launching into an extended analysis of the Star Wars movie, for which he was the inspiration. Like the best academic popularisers, Campbell was able to make his subject accessible well beyond the university campus. It promises to be enjoyed by non-stretching series. (CeeFax)
9.45 German Grand Prix. Highlights of this afternoon's race from Hockenheim. The commentators are Murray Walker and James Hunt
10.25 Melodrama. John Gielgud's stylish samurai warrior film with the splendid Toshirō Mifune turning up in a town split between two warring and corrupt factions. He hires himself out to both sides and destroys both of them and large parts of the town into the bargain. A brutal and cruel tale, although not without humour, it was the inspiration for Sergio Leone's spaghetti western A Fistful of Dollars, with Clint Eastwood. (CeeFax)
12.15am World Equestrian Games. Highlights from Stockholm of the show jumping phase of the three-day event and news of the dressage. Introduced by Hugh Thomas with commentary by Raymond Brooks-Ward. Ends at 12.55

RADIO 1

- FM Stereo and MW
5.00am Gary King 7.00 The Bruno and Lucretia Show 9.30 Dave Lee Travis 12.30pm 30 Years On
3.00 Philip Schofield 5.00 Anne Nightingale's Request Show 8.00 Andy Kershaw 10.00-2.00am Bob Harris on Sunday

RADIO 2

- FM Stereo and MW
4.00am David Allen 6.00 Graham Knight 7.30 Don Maclean says Good Morning Sunday 9.05 Richard Baker with Neil Heslop 11.00 Desmond Carrington with Radio 2 All-Time Greatest 2.00pm Barry Green 3.00 Alan Del with David Lee Travis 4.00 Desmond Carrington with Radio 2 All-Time Greatest 5.00pm Barry Green 6.00 Alan Del with David Lee Travis 7.00 Desmond Carrington with Radio 2 All-Time Greatest 8.00 Alan Del with David Lee Travis 9.00 Desmond Carrington with Radio 2 All-Time Greatest 10.00 Alan Del with David Lee Travis 11.00 Desmond Carrington with Radio 2 All-Time Greatest 12.00 Alan Del with David Lee Travis 1.00 Desmond Carrington with Radio 2 All-Time Greatest 2.00-7.00pm Sunday Sport

WORLD SERVICE

- 6.00am World News 6.00 24 Hour News Summary 6.30am World News 6.30 24 Hour News Summary 7.00am World News 7.00 24 Hour News Summary 7.30am World News 7.30 24 Hour News Summary 8.00am World News 8.00 24 Hour News Summary 8.30am World News 8.30 24 Hour News Summary 9.00am World News 9.00 24 Hour News Summary 9.30am World News 9.30 24 Hour News Summary 10.00am World News 10.00 24 Hour News Summary 10.30am World News 10.30 24 Hour News Summary 11.00am World News 11.00 24 Hour News Summary 11.30am World News 11.30 24 Hour News Summary 12.00am World News 12.00 24 Hour News Summary 12.30am World News 12.30 24 Hour News Summary 1.00am World News 1.00 24 Hour News Summary 1.30am World News 1.30 24 Hour News Summary 2.00am World News 2.00 24 Hour News Summary 2.30am World News 2.30 24 Hour News Summary 3.00am World News 3.00 24 Hour News Summary 3.30am World News 3.30 24 Hour News Summary 4.00am World News 4.00 24 Hour News Summary 4.30am World News 4.30 24 Hour News Summary 5.00am World News 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The sport of gentlemen and gentlewomen under scrutiny after allegations of cheating and cruelty

Princess has a serious crisis on her hands

Stockholm
IS THE Princess Royal, an epitome of the true sporting image, presiding over a sport for cheats? It is an uncomfortable reality which she and the International Equestrian Federation (FEI), of which she is president, must face during the first World Equestrian Games here this fortnight.

Together with golf and rowing, among the more important international sports, equestrianism has always seemed to be to the lay public, above suspicion. It was a sport for officers and gentlemen and, indeed conspicuously so, with the Princess formerly among them, for gentlewomen. Suddenly we are not so sure.

On the eve of the Games, the first time that world championships for all six equestrian disciplines have been simultaneously staged in one city, came the news that the sport had its own brand of Boris Yeltsin, the Russian who rigged his foil's electric foil-contact in the 1976 Olympic modern pentathlon competition.

Only this time, the cruelty as such was not merely to an

opponent, but to dumb animals: either rapping them on the shins to make them jump higher, or encouraging them with an electrified jab of the spurs. The Princess truly has on her hands the first major controversy of her administrative sporting career.

Unfortunately, royal protocol prevents her being as publicly outspoken as she might wish to be; although this has not in the past dissuaded her from being fairly rude and to the point about show jumping, that branch of the sport which is now found to be under abuse. She needs to be as vigilant in the chair as she has been in the saddle.

Someone who can speak his mind is Petr Gyllenhammar, who this week is wearing three hats: president of the Games organising committee, president of the Swedish Equestrian Federation and the man behind what amounts to a monopoly sponsorship of the sport by Volvo. With equestrianism now the second sport of Sweden, behind football, with a three-fold increase in participation over 10 years to



COMMENT
DAVID MILLER
CHIEF SPORTS CORRESPONDENT

nearly half a million riders, Gyllenhammar more than anyone needs to know that he is running a clean sport.

It is an axiom of professional sport — which now embraces the top end of equestrianism — that the greater the financial reward, the greater the incentive to cheat. The unhappy Ben Johnson and his manipulators have shown us that. The question to be put to Gyllenhammar was, therefore, whether Volvo, with its £1 million per year backing of the World Cup for show jumping and, starting this year, dressage, is not inadvertently fuelling the incentive to cheat.

"I'm not sure that the correlation is correct for equestrianism," Gyllenhammar said yesterday. "It may be true that the more attention the sport receives the

more money [from sponsorship and television] becomes available. But the greater the attention, the more difficult it is to have secrets — even in training away from competitive events. Certainly I cannot tolerate cheating in any of my three roles in connection with these Games."

It was as chairman of a small club in Gothenburg 14 years ago that Gyllenhammar initiated a show jumping competition which, from 1978, became a bi-annual home of the World Cup, and from that arose the involvement of Volvo. He admits that there is the temptation, when instances of scandal, abuse and cruelty arise, for a sponsor to pull out. Yet he considers that the past week's revelations, if confronted positively, will prove beneficial.

"We have to go after it and eliminate it," Gyllenhammar said, with a strong implication for the FEI. "What must be achieved is jurisdiction that includes, as it does with the Swedish Federation, all clubs, training grounds, indeed anywhere that competitive horses are involved. Not all federations have such jurisdictions."

One of those is West Germany's, as admitted to Gyllenhammar this week by Count Dieter von Salm-Reifferscheidt, Germany's president. Gyllenhammar is open in his disappointment that the German Federation has not been more positive in its response to the revelation. There is widespread controversy over the inclusion in next week's show jumping team of Otto Becker, of West Germany, and Evelyn Blaton, of Belgium, two pupils of Paul Schockemöhle, who were clearly visible in the video film of rapping which led to the wealthy Schockemöhle's precipitate resignation.

"Spectators are sensitive," Gyllenhammar says. "I hope that all federations will feel pushed

towards expanding their jurisdiction. Those who don't will face the dilemma of their riders not being welcome." The sport still harbours the notion of a gentleman's unspoken agreement.

So far, the official German reaction has tended to be defensive. Dr Hansfried Haring, their director general, unsatisfactorily spoke of riders being innocent until proven guilty in a court of law; that everything necessary would be done after the Games; that, maybe, the attitude to training animals had changed in recent years.

"As chairman of the organising committee, I can't interfere," Gyllenhammar says, "but I don't envy the chairman of the German Federation. They have the right to select their team, but many people are upset at the lack of action. They should have been sensitive to the attitude of the press as agents of the spectators."

However, Salm-Reifferscheidt stated that from next year, any rider long-listed for any discipline would have to sign a declaration accepting random, instant inspection of training sites, comparable to a degree of random testing for drugs yet anything but foolproof. The latter is another area which concerns Gyllenhammar.

"There is not only the matter of physical cruelty," he says. "But the application of illegal medical substances. The drug 'bute' is said by some to be no more than an aspirin for horses. The Swedish Federation manage to have the dosage reduced, at the general assembly of FEI, from an accepted 0.5mg to 0.2mg. It should be 0. There should be nothing allowed in the way of foreign substances... The methods that have been revealed this past week are disgusting."

Whether there will be disruption of the Games by Swedish animal rights activists is uncertain. Gyllenhammar says there has been no clear signal that there will be. Security of spectators' fences is tight, but on the 160km endurance course it is impossible to prevent willful violent intervention. Should this happen, evacuation by the German Federation will come under an even harsher light.

Germans retain dressage title

From Jenny MacArthur in Stockholm

A SPECTACULAR performance from Nicole Uphoff, the reigning Olympic and European champion, on Rembrandt helped West Germany to retain the world dressage team title here yesterday by the convincing margin of 265 points from the Soviet Union, the silver medal winners. The win continued West Germany's unbeaten record — in any championship or Olympic Games — since 1973.

Britain, whose score was lifted by a superb performance by Jennie Loriston-Clarke and Dutch Gold, recorded their best result in recent years finishing fifth out of the record 15 teams contesting the championships.

Switzerland, led by their former world champion, Christine Stuckelberger, on Gauguin de Lully, took the bronze, Sweden, whose fourth rider, Louise Nathorst, on Dante, appeared to be generously marked, finished fourth, just 22 points ahead of Great Britain.

Loriston-Clarke, who was 16th individually and Carl Hester, at 23 the youngest member of the British team, who finished joint nineteenth, have both qualified for the grand prix special tomorrow from which the individual title is contested.

Anni MacDonald-Hall, who made her first appearance with the British team at last year's European championships and is still acclimatising herself to the pressure of top level competitions, finished a creditable 22nd, but could not hide her disappointment.

Her horse Floriano, a former West German team horse, is capable of a high score when at his best but, on this occasion, just lacked the necessary freedom of movement.

For Loriston-Clarke, it was the reverse. With a fitting sense of occasion, Dutch Gold, produced his best test ever — freer and more relaxed than on recent occasions. "He just seems to have blossomed since arriving in Sweden," Loriston-Clarke, clearly elated, said afterwards. "He's definitely still improving."

That might also be said of the magnificent 13-year-old

Westphalian gelding, Rembrandt, who danced his way through the grand prix test yesterday to a devastating 49-point lead over the second-place Stuckelberger — and a rapturous applause from the crowded Olympic stadium.

If he reproduces this form tomorrow, Uphoff should have little difficulty adding the world title to her glorious crown.

In the more subdued atmosphere of the three-day event dressage, taking place in the royal park of Djurgården, the United States wrested a narrow 7.4-point lead from Great Britain at the end of the dressage phase after stylish performances from their two most experienced riders, Michael Plumb on Chagall, and Bruce Davidson on Pirate Lion, who are lying second and fourth respectively.

The West German, Marina Lohheit, and Sundance Kid, the winners of the West German final trial at Lumhølen last month, are in the lead by a fraction of a point.

For Britain, Ian Stark with Murphy Himself and Virginia Leng, the defending world champion are lying sixteenth and twelfth respectively.

● The International Equestrian Federation (FEI) issued a statement yesterday reaffirming its commitment to stamp out all forms of horse abuse and giving support to the West German equestrian federation for its handling of the recent allegations of cruelty made against some of its riders.

RESULTS: World team dressage championships: 1. West Germany, 438.5; 2. Soviet Union, 412.4; 3. Switzerland, 401.4; 4. Sweden, 386.5; 5. Great Britain, 387.0. Individual results of grand prix: 1. Rembrandt (N Uphoff, West Germany), 49.0; 2. Gauguin de Lully (C Stuckelberger, Switzerland), 48.0; 3. Metador II (K Ryland, Finland), 46.0; 4. Cortlandt (M O'Connor, Ireland), 45.0; 5. Garmadine (M Theodorsson, West Germany), 44.0; 6. Ideal (S Rothemann, Switzerland), 43.0; 7. Europe (British place), 42.0; 8. Dancer (J Lohheit, West Germany), 41.0; 9. Lohheit (M Lohheit, West Germany), 40.0; 10. Soudance Kid (J Lohheit, West Germany), 39.0; 11. Pirate Lion (B Davidson, United States), 38.0; 12. Chagall (M Plumb, United States), 37.0; 13. Floriano (A MacDonald-Hall, United Kingdom), 36.0; 14. Dante (L Nathorst, Sweden), 35.0; 15. Sundance Kid (M Lohheit, West Germany), 34.0; 16. Murphy Himself (I Stark, United Kingdom), 33.0; 17. Virginia Leng (V Leng, United Kingdom), 32.0; 18. Master Martin (S MacGregor, United Kingdom), 31.0; 19. Garmadine (M Theodorsson, West Germany), 30.0; 20. Cortlandt (M O'Connor, Ireland), 29.0; 21. Europe (British place), 28.0; 22. Dancer (J Lohheit, West Germany), 27.0; 23. Soudance Kid (J Lohheit, West Germany), 26.0; 24. Pirate Lion (B Davidson, United States), 25.0; 25. Chagall (M Plumb, United States), 24.0; 26. Rembrandt (N Uphoff, West Germany), 23.0; 27. Metador II (K Ryland, Finland), 22.0; 28. Cortlandt (M O'Connor, Ireland), 21.0; 29. Garmadine (M Theodorsson, West Germany), 20.0; 30. Ideal (S Rothemann, Switzerland), 19.0; 31. Europe (British place), 18.0; 32. Dancer (J Lohheit, West Germany), 17.0; 33. Soudance Kid (J Lohheit, West Germany), 16.0; 34. Pirate Lion (B Davidson, United States), 15.0; 35. Chagall (M Plumb, United States), 14.0; 36. Floriano (A MacDonald-Hall, United Kingdom), 13.0; 37. Dante (L Nathorst, Sweden), 12.0; 38. Sundance Kid (M Lohheit, West Germany), 11.0; 39. Murphy Himself (I Stark, United Kingdom), 10.0; 40. Virginia Leng (V Leng, United Kingdom), 9.0; 41. Master Martin (S MacGregor, United Kingdom), 8.0; 42. Garmadine (M Theodorsson, West Germany), 7.0; 43. Cortlandt (M O'Connor, Ireland), 6.0; 44. Europe (British place), 5.0; 45. Dancer (J Lohheit, West Germany), 4.0; 46. Soudance Kid (J Lohheit, West Germany), 3.0; 47. Pirate Lion (B Davidson, United States), 2.0; 48. Chagall (M Plumb, United States), 1.0; 49. Rembrandt (N Uphoff, West Germany), 0.0; 50. Metador II (K Ryland, Finland), 0.0.



Sitting comfortably: Carl Hester, of Great Britain, in the grand prix dressage competition yesterday

ATHLETICS

Two little big men who defy the great axiom

From David Powell, Athletics Correspondent, Seattle

THE United States may not have been built on the axiom that small is successful; but it does have its examples. Hollis Conway and Kenny Harrison stand like the Rocky Horror picture at the Empire State Building, if not exactly dwarfed then at least looking up.

Conway is 6ft 10in, for a high jumper, means he stopped growing before he wanted to. He has the greatest differential among the world's leading jumpers; or, put another way, he can go higher above his head than any of them. He can walk under the height he has cleared with 56cm to spare.

The disadvantage of not being taller by comparison with his rivals is that his centre of gravity is lower at take-off. If only he had a few more inches, what then? "I don't think about it," he said. "I just have to work a little harder in practice."

The hard work finally paid off on Thursday, the final day of athletics in the Goodwill Games here. After a succession of silver medals — world junior, Olympic and World Student — he won gold. His 2.33 metres was 6cm lower than his best, but Goodwill Games medals are valued by Americans as highly as European ones will be by the British next month. "After three silvers, my only concern was to win," Conway said.

This year he has won 15 of his 16 competitions. The athlete who beat him, Soren Matei, of Romania, was fourth. "I will make 2.40 easy and I am hoping to jump 2.45," Conway said.

The second half of the European season could be the time. Only now has Conway, aged 23, felt able to focus on competition again after the death of his father a month ago. The bereavement brought him home from Europe with the season barely started.

The world record, Javier Sotomayor's 2.44 metres, surely cannot be within the little man's reach. But Harrison has good reason to feel confident of the little man's world record. In Stockholm four weeks ago, he triple-jumped 17.93 metres, the second longest ever and only four centimetres short of Willie Banks's record mark.

Harrison is 10st 9lb and 3ft 9in, which is easy to miss next to the likes of Mike Conley, who was second, and Vladimir Igumenov, who was third. Harrison likes to keep things simple. He has improved "because I am stronger this year"; he won the competition on the last jump "because I related".

Aged 25, he plays other sports — handball, tennis, American football. "They are all very important, because you have to be one hell of an athlete," Harrison said. "You don't just run in a straight line and bounce three times."

This has been a good year for the little man. He has moved up to fourth all time with 17.90 metres. Harrison thinks it is not over yet. "I believe I will have a good shot at the world record in Malmö on August 7," he said. "I will be there."

The promoter has better reserve a ticket for Harrison's girlfriend. It was she who told him to relax before the last jump, the one that took him past Conley, whose best was 17.48. Igumenov could manage only 17.06. Why? "Because I didn't have my wife with me."

While Americans dominated the jumping, the Soviets were throwing hammers like only Soviets do. They took all three medals without assistance from the three who cleaned up in Seoul.

● Peter Elliott has spurned the opportunity of attempting a middle-distance double at the European championships in Spain next month. The Commonwealth 1,500 metres champion has decided not to attempt the 800 metres.

RESULTS FROM SEATTLE

ATHLETICS: Men: Hammer, 1. A. Sotomayor (Cuba) 84.12m; High Jump, 2. M. Conley (USA) 2.33m; 100m, 1. H. Harrison (USA) 17.93m; 400m, 1. S. Matei (Romania) 1:00.00m; 800m, 1. S. Matei (Romania) 1:50.00m; 1,500m, 1. P. Elliott (Great Britain) 3:50.00m; 5,000m, 1. S. Matei (Romania) 15:00.00m; 10,000m, 1. S. Matei (Romania) 31:00.00m; 20,000m, 1. S. Matei (Romania) 62:00.00m; 40,000m, 1. S. Matei (Romania) 124:00.00m; 80,000m, 1. S. Matei (Romania) 248:00.00m; 160,000m, 1. S. Matei (Romania) 496:00.00m; 320,000m, 1. S. Matei (Romania) 992:00.00m; 640,000m, 1. S. Matei (Romania) 1984:00.00m; 1,280,000m, 1. S. Matei (Romania) 3968:00.00m; 2,560,000m, 1. S. Matei (Romania) 7936:00.00m; 5,120,000m, 1. S. Matei (Romania) 15872:00.00m; 10,240,000m, 1. S. Matei (Romania) 31744:00.00m; 20,480,000m, 1. S. Matei (Romania) 63488:00.00m; 40,960,000m, 1. S. Matei (Romania) 126976:00.00m; 81,920,000m, 1. S. Matei (Romania) 253952:00.00m; 163,840,000m, 1. S. Matei (Romania) 507904:00.00m; 327,680,000m, 1. S. Matei (Romania) 1015808:00.00m; 655,360,000m, 1. S. Matei (Romania) 2031616:00.00m; 1,310,720,000m, 1. S. Matei (Romania) 4063232:00.00m; 2,621,440,000m, 1. S. Matei (Romania) 8126464:00.00m; 5,242,880,000m, 1. S. Matei (Romania) 16252928:00.00m; 10,485,760,000m, 1. S. Matei (Romania) 32505856:00.00m; 20,971,520,000m, 1. S. Matei (Romania) 65011712:00.00m; 41,943,040,000m, 1. S. Matei (Romania) 130023424:00.00m; 83,886,080,000m, 1. S. Matei (Romania) 260046848:00.00m; 167,772,160,000m, 1. S. Matei (Romania) 520093696:00.00m; 335,544,320,000m, 1. S. Matei (Romania) 1040187392:00.00m; 671,088,640,000m, 1. S. Matei (Romania) 1840374784:00.00m; 1,342,177,280,000m, 1. S. Matei (Romania) 3680749568:00.00m; 2,684,354,560,000m, 1. S. Matei (Romania) 7361499136:00.00m; 5,366,527,040,000m, 1. S. Matei (Romania) 14903747840:00.00m; 10,733,054,080,000m, 1. S. Matei (Romania) 29807495680:00.00m; 21,466,108,160,000m, 1. S. 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Press a button and a horse leaps into view

EVERY dog has its day, so they say. Chinese pigs have a year. Aquarius has an age... and horses have a week; the very week ahead, in fact. Push almost any button you like on your television set over the next seven days and our four-legged friend will come galloping into view.

The world's biggest horse show is under way in Stockholm — BBC and Eurosport (30 hours from them in total) cover it extensively until the climax a week tomorrow. BBC has magnificent horse racing, opening with Diamond Day at Ascot this afternoon and following up with Glorious Goodwood from Tuesday to Friday; there is polo (minus the injured Prince Charles), courtesy of Screensport, from the Royal County of Berkshire Club on Wednesday; on Thursday, in the last of *The Horse in Sport* series, harness racing, which may be of little account at home but is big business elsewhere, is put under the microscope by Channel 4; and there are even bucking broncos in *Rodeo* (BSB tomorrow, 2.30pm).

Even with another crowded calendar of summer sport, including England's first Test of the "second half" of the cricket season against India, continuing at Lord's (BBC today, Monday and Tuesday), the German grand prix (Eurosport and BBC, tomorrow), the Panamerican national athletics championships (ITV, Friday and Saturday), the Kellogg's Tour of Britain cycle race (six days beginning on Channel 4 on Tuesday), the sporting highlight of the week for me is the World Equestrian Games.

For the first time, six world championships involving the horse — show jumping, eventing, dressage, carriage driving, endurance and vaulting — are brought together at one venue with 13 gold medals to be won and 800 horses with 700 riders from 45 nations going for them.

Today sees the cross-country section of the three-day event championship, and Britain's Ginny Leng, the European and world champion, is the one to watch for. Fourteen years ago, Leng fell from a horse and smashed her arm so badly that amputation was a possibility and early retirement a probability. The courage she showed in battling back will be on display in Stockholm in the cross-country today and in the final show-jumping phase tomorrow as she goes for another gold medal.

The equestrian share BBC coverage today (BBC1 and BBC2, varying times) with a test match, the national swimming championships from Crystal Palace and the King George VI and Queen Elizabeth Diamond Stakes from Ascot; tomorrow they

SPORT ON TELEVISION

THE WEEK IN VIEW

KEN LAWRENCE'S guide to the best in televised sport in the week ahead

compete against the swimmers and the German grand prix. Eurosport (starting at 12.30, both days) has five and a half hours live, today and tomorrow, from Stockholm, where the Dutch Open tennis is being staged, and Hockenheim for the grand prix (final practice today, every yard of the race tomorrow).

The Whitaker brothers, John and Michael, lead the British challenge in the show jumping (Wednesday and Thursday) and George Bowman, not so famous as Prince Philip but more successful with 12 national titles, begins his bid in the carriage driving on Friday.

As total relief from the pressures at sport's highest level, that former champion of the shot, Geoff Capes, now a caber-tossing star ("world champion five times", he says) presents the Cadbury mini challenge on *Move It* (Thursday, 5.10pm). Boys and girls compete together in teams of five "learning new skills, how to be competitive, how to lose and still have fun." Capes says. About 700 teams, under 12, from throughout Britain have entered and they expect 1,000 next year. Capes has found it "simply marvellous".

Channel 4 continues to give cycling a good show: it has one hour of the Wincanton Classic tomorrow (5.30pm), which is the sixth of 13 races for the Perrier World Cup. With Greg LeMond, the hero of the Tour de France, riding, that should be a splendid curtain-raiser to the Kellogg's Tour of Britain, which will receive 30 minutes each evening.

London Weekend is building up a commitment to rugby union and shows England's match against Argentina in Buenos Aires (tomorrow, 4.30pm). BSB is throwing down an American football challenge to Channel 4 with Nicky Hornie presenting three of the best games from last season compressed into three hours this morning (10am) and with two more games and a beginner's guide starting at noon tomorrow.

For the months ahead, you can expect to see ITV signing exclusive contracts to show Nigel Benn's next bout in the United States and the Aston Villa and Manchester United European football campaigns next season.

THE WEEK'S HIGHLIGHTS

TUESDAY: Cross-country section of world three-day eventing championship. Test cricket at Lord's, facing from Australia and England from Crystal Palace (BBC1, 10.55am-5.05pm; BBC2, 4.40-6.45).

TOMORROW: Ferrari against McLaren at German Grand Prix (BBC1, 1.50pm; Eurosport, 12.30-4.30, with both channels including final of three-day event in Stockholm).

MONDAY: The grass of Wimbledon, the city of Victoria, the Australian open tennis (Eurosport, 12.30pm).

TUESDAY: India's cricketers serve for second victory in a Lord's Test (BBC1, 10.55am, moving to BBC1 at 11.00am).

2.20, returning to BBC2 at 4.30 after Goodwood.

WEDNESDAY: More cricket — NatWest Trophy quarter-finals — and more horses. Second round of world show jumping in Stockholm and Goodwood races (BBC1, 10.55am-5.05pm; BBC2, 4.40-6.45).

THURSDAY: Galloping hooves at the Goodwood (four races, including European Golden Mile and at Ascot, as show jumping medals are decided (BBC2, 2.15-4.45).

FRIDAY: Every winter goes automatically to the World Cup of speedway in Yugoslavia, which makes Panamerican national football (BBC1, 10.55am, moving to BBC1 at 11.00am).

Michael Seely seeks Willie Carson's impressions of the King George at Ascot today

Nothing succeeds like success



All smiles: Willie Carson has reason to be cheerful as he revels in the triumphs of a remarkable Indian summer

AS WILLIE Carson contemplates winning a fifth King George VI and Queen Elizabeth Diamond Stakes on Husyan at Ascot this afternoon, he can be forgiven a wry smile at the thought of being rediscovered.

The embittered, isolated figure of three years ago, when his fortunes had apparently foundered in the wake of trainer Dick Hern's hunting accident and impending departure from Westbury, has stood aside in favour of an altogether cheerier character. Now 47, Carson, as much prey to black moods of depression as to spectacular highs of elation, is making the most of it.

"That's the way it goes," he says. "Good horses make good trainers and good jockeys as well. They also make good friends. You become a better friend to yourself and everybody wants to be friends with you."

The tide began to turn in 1988 when Minister Son and Unfuwain were classic three-year-olds, and both Nashwan and Prince of Denmark were apparently on the threshold of bright careers.

A year later came the brilliant Nashwan. The chestnut carried Carson and Hern on the crest of a magnificent wave, re-establishing them not only in the first rank of their profession but also carving a place for them in the affections of the racing public.

Sheikh Hamdan Al-Maktoum, Nashwan's influential owner, was swift to appreciate Carson's contribution.

He signed the jockey on a retainer, and the now official association paid a swift dividend with the emergence of Salsabil, whose victory in the 1,000 Guineas, Oaks and Irish Derby have added another touch of magic to the jockey's relentless progress. The decision to withdraw Salsabil from today's race because of the fast ground is a rare cloud for Carson, but one he understands.

"Obviously I'm disappointed but it could be a blessing in disguise. If she had run, I think she would have won because horses always get away with running on firm ground once. But it could easily have been to the detriment of her autumn career because horses remember these things next time they come under pressure."

Carson now teams up with the Peter Walwyn-trained Husyan. Walwyn was unhappy with Carson's riding of

Husyan when they ran wide into the straight in the Hardwicke Stakes at Royal Ascot, and had no hesitation saying so. Carson, not surprisingly, differs. "I took the horse round the outside to get the better going. Anyone could see what I was up to. The horse was beaten a long way and didn't get the trip. Today I've got to try and get him to stay. He's a decent horse all right, but to win a top race over a mile and a half is another matter."

Together with the Derby and the Prix de l'Arc de Triomphe, the King George forms the trinity of great middle-distance races in the European calendar. The victories of such champions of Nijinsky, Mill Reef, Dahlia, Dancing Brave and Nashwan during the past 20 years spring readily to mind.

The honours between the generations are almost equally divided. 20 three-year-olds having won against 19 aged four and upwards. But it is axiomatic that the conditions favour top-class three-year-olds. "It's their time of year

and they're hot," Carson says. "Four-year-olds have had to go through another winter and have often had training problems as well."

That, however, will remain largely academic this year. Of the 11 overnight acceptors, only Belmer represents this year's classic generation.

Yet even allowing for the signal lack of three-year-olds, the withdrawal of Salsabil and the doubts still surrounding Old Vic, Carson will not entertain thoughts of a sub-standard race. "It is a high-quality international field," he says, pointing to In The Wings as a serious challenger to give the French their first win since Pawnee in 1976.

"He seems to be the best older horse in France but there must be a doubt about his ability to act on the firm. He came from a long way back to win the Coronation Cup in good to soft going although I was not overly impressed when he won the Grand Prix de Saint-Cloud."

Last year Cacoeches ran Nashwan to a neck and has been well backed to go one

better, despite the absence of any satisfactory form this season. "Nashwan was not at his best by that time but it was still a fine performance by Cacoeches. He loves fast ground and gets the trip well, although he was beaten on his only run at Goodwood. In his favour, though, he was giving weight away at Goodwood and is said to be pleasing his connections. He could certainly win if he's back to his best."

Sapience has been all the rage since beating Chatter in the Princess of Wales's Stakes at Newmarket. "He will be suited by the going and his stable has found his right distance. But was he flattered at Newmarket? Will he be quite good enough to win a King George? I'm just not convinced that he has the necessary acceleration."

Assatis, Cacoeches's five-year-old stable companion, is to be ridden by a Japanese jockey, Masato Shibata, at the owner's insistence. "He is best on fast ground and is suited by Ascot. A serious each-way prospect, but it's a pity he has

a fresh partner on such an important occasion."

Chatter, a former inmate of Hern's stable, has always been happier with easier conditions underfoot. So too has Old Vic, last year's French and Irish Derby winner, and Belmer. "I couldn't fancy any of them on this going. Of course, if there were to be a worthwhile rain they would come into the reckoning."

In Sandown's 10-furlong Eclipse Stakes, Carson rode Elmsmull to a narrow defeat of Terimon, the 1989 Derby runner-up. "Terimon needs a strongly run race and has to be covered up. He could run well, but never seems to win a top race."

Just as over Epsom's switchback, jockeyship is at a premium at Ascot, with its shorter run-in of 2½ furlongs. Lester Pigott won seven King Georges and Carson has now collected four. Having finished second on Parrell to Brigadier Gerard in 1972, "I objected and was unlucky not to get the race," Carson's first win came on Troy in 1979, followed immediately by a

victory on Ela-Mana-Mou the following year. In 1985 Petoski just beat On So Sharp and then came Nashwan's win last year.

"Over the Ascot mile and a half you usually want to be well-placed," he says. "But the King George is different. You have to ride the race rather than the course. If they have gone slowly then you want to be handy, just as I was on Nashwan last year. They all said Michael Roberts rode a brilliant race on Top Class but I couldn't agree. I thought he went to the front too soon on a horse that didn't last home."

"It was the same situation with Ela-Mana-Mou. They went no gallop, so I kicked on five out. But on Petoski where it had been a strongly run race, so I was able to come from a long way back. There's no reason why you shouldn't come from last to first in the King George if it's been a fast gallop."

"It is always difficult trying to predict how a race will be run. Limbure is obviously there as a pacemaker and Old Vic also likes to go on. I imagine if the gallop wasn't that strong, Pat Eddery and Sapience might also want to be forcing the pace. But the slower they go the better the chance Husyan will have of lasting home."

And Carson's verdict? "Despite my reservations I have to go for In The Wings to beat Cacoeches. In The Wings' overall record is sound and you could put question marks against most of them."

In the warm glow of this Indian summer, thoughts of retirement are far from Carson's mind. A six-seater Piper Saratoga aircraft has made commuting to the tracks comparatively painless and his life has never looked better. "The job has always come first and family life has had to take second place," he says. "A couple of years ago I made up my mind that the end of the road had come and it was time to call it a day. I was becoming resigned to the fact, although it was hard and painful to accept."

"But now everything is working out and going brilliantly. I've got no plans except to continue to ride my luck and see what happens. If it suddenly came to an end or I fell into the hole then I'd have to think again. But what would I do if I retired?"

Dick Warden dies, aged 82

DICK Warden, who died in Stoke Mandeville Hospital on Thursday at the age of 82 after a long illness, will be remembered for his history as the man who introduced the motor to British racing.

An outstanding personality in a sport by no means short on colourful characters, Dick Warden lived every moment of his crowded existence to the full. Hunting, training, and bloodstock dealing all came as grist to his remarkable mill.

John Leat, principal adviser to Sheikh Mohammed, paid this tribute: "Dick Warden was a man who made the motor to racing. He was a pioneer and he also became a personal friend of the Sheikh and his brothers."

Warden spent much of his time and had horses in training with Peter Easterby, the versatile Yorkshire trainer.

Season of mists awaits rested Salsabil

By MICHAEL SEELY

RACING CORRESPONDENT

SALSABIL, a dramatic overnight withdrawal from this afternoon's King George VI and Queen Elizabeth Diamond Stakes at Ascot, is to be restored to preparation for an assault on the great autumn races.

"It's been a frustrating time," said John Dunlop, the trainer of the winner of the 1,000 Guineas, Oaks and Irish Derby.

"But I understand and respect Sheikh Hamdan Al-Maktoum's decision. He has the best interests of the filly at heart. We'll now keep her ticking over for the time being. We're going to consider the possibility of entering the Prix de l'Arc de Triomphe or the Champion Stakes with a preliminary first."

Both William Hills and Ladbrokes now make In The Wings their favourite at 9-2. The Cacoeches on offer at 9-2. The

only difference is that Hills offer only 9-2 Old Vic after support during the afternoon, whereas Ladbrokes still make the four-year-old a 7-1 chance.

Henry Cecil is still keen to attempt to repeat Reference Point's win for Warren Place with Old Vic, last season's French and Irish Derby winner, as well as Sheikh Mohammed's Belmer, who was third in the Irish Derby.

"Belmer will be all right, whatever the ground conditions," said the eight-time champion trainer. "But I want to run Old Vic as well as long as the going is reasonable. I'm going to talk to the Sheikh about the views of the Almighty when he has made a direct visitation to a trainer who has won the race five times. But I am still going for In The Wings to beat Cacoeches, with Terimon suggested as the best each-way bet in a difficult race."

However, a sharply contrasting view came from Harwood, who will be attempting to win the big race for the third time with Cacoeches and Assatis.

"They've overdone the watering point. I walked the track and my feet went in about six inches. If there's any more rain the going will be soft. Both my horses are

fine, but I'm now worried about the ground."

Further confirmation of Eddery's opinion came when the jockey drove Yastrosou to a neck victory over Dry Point in the six-furlong Havelst Stakes for Michael Stoute. The time for the sprint handicap was 1min 13.5sec, about one second faster than the standard time of 1min 16sec.

Grant Pritchard-Gordon, Abdulla's racing manager, had news of both Sangster and Quest. For Pritchard-Gordon, Quest For Fame, but whether he'll be ready for the Great Voltigeur race at York, we can't be certain yet.

Abdulla had his second winner of the afternoon when Eddery gained his third success by winning the Virginia Water Stakes on Dangora for Barry Hills.

The actual state of Ascot's ground was being going became a matter of heated debate during an action-packed afternoon, which saw a remarkable 1,000-1 four-timer by Pat Eddery, the champion jockey.

After giving a classic exhibition of waiting in front to capture the opening Cranbourne Chase for Khalid Abdulla and Guy Harwood on Berillon, the jockey said the going was on the fast side of good. This opinion was later endorsed by Billy Newnes and Paul Eddery.

However, a sharply contrasting view came from Harwood, who will be attempting to win the big race for the third time with Cacoeches and Assatis.

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The Manton trainer, then said that Blue Stag, who had been withdrawn from the King George, remains on target for next week's Gordon Stakes at Goodwood.

Eddery's afternoon of glory ended on a winning note when the jockey forced Caerdydd past the post a diminishing short in front of Carson on Matribi.

Dick Hern had a dream earlier in the week that Terimon was four lengths clear of his field entering the last furlong of this afternoon's big race, but was caught close home by Old Vic. It might be dangerous to ignore the views of the Almighty when he has made a direct visitation to a trainer who has won the race five times. But I am still going for In The Wings to beat Cacoeches, with Terimon suggested as the best each-way bet in a difficult race."

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THE TIMES

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MODERN PENTATHLON

Phelps is closer to bronze

By MICHAEL COLEMAN

BEING the superb competitor that he is, Richard Phelps moved up seven places to fourth overall after yesterday morning's cross-country race at the world championships in Lahit, Finland.

This effort left him only two points away from the bronze medal position as the remaining 65 competitors prepared for the final event, the 15 obstacle show jumping.

Phelps was fourth-fastest over the 4,000 metres of billy countryside, his time of 13min 04sec comparing to the 12:38 of the winner, Manuel Barroso, of Portugal, but more pertinently, to the 12:55 of Edouard Zdenovka and 12:15 of Anatoliy Starostin, his two Soviet rivals and the overnight leaders.

Separating them from Phelps was Laszlo Fabian, of Hungary, the defending champion. But his four-event total of 4,420, was only two points better than the Briton's. All will depend on how the weary athletes fare when mounted late in the day on the backs of strange horses.

A solid run from Dominic Mahony, who recorded a time of 13min 15sec and a brave 13:29 effort from Graham Brookhouse, who has only recently recovered full fitness, enabled the bronze medal trio at the Seoul Olympics to climb from eighth to fifth place in the contest for the team championship.

The gold here seems another Soviet certainty, their total of 13,511 points putting them some 500 in front of the holders, Hungary.

Results, page 31

Results, page 31

Results, page 31

Results, page 31

Results, page 31

Results, page 31

Results, page 31

Results, page 31

Results, page 31

Results, page 31

Results, page 31

Results, page 31

Results, page 31

Results, page 31

Results, page 31

Results, page 31

WARWICK

Selections

By Mandarin

6.15 Marynetta, 6.45 Zandril, 7.15 Come Home Kingsley, 7.45 Res Res, 8.15 Cee-Jay, 8.45 Dalby Dancer.

By Our Newmarket Correspondent

6.45 Ruby Jane, 7.45 Always Remember, 8.15 Premier Moon.

Going: firm (final 7f, good to firm)

Draw: 5f, low numbers best

6.15 BRICK KILN STUD MAIDEN GUARANTEED SWEEPSTAKES (2-Y-O) £2,000: 5f (9 runners)

1 CUT FOR KINGS C 5f 5-11 M Raynald 4

2 PAYS DANCER 5f 5-11 M Marshall 2

3 GREEN'S MOLLION 5f 5-11 M Raynald 4

4 RICHIE'S LADY 5f 5-11 M Raynald 4

5 LADY OF THE FERN 5f 5-11 M Raynald 4

6 LADY OF THE FERN 5f 5-11 M Raynald 4

7 LADY OF THE FERN 5f 5-11 M Raynald 4

8 LADY OF THE FERN 5f 5-11 M Raynald 4

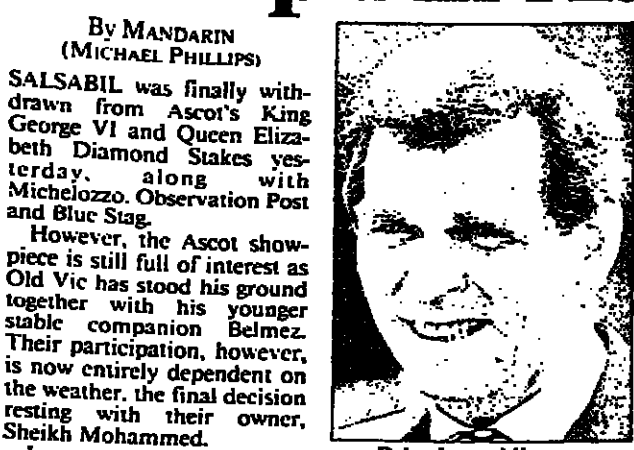
9 LADY OF THE FERN 5f 5-11 M Raynald 4

10 LADY OF THE FERN 5f 5-11 M Raynald 4

11 LADY OF THE FERN 5f 5-11 M Raynald 4

12

Terimon has live chance to triumph in Ascot showpiece



By MICHAEL SEELY
(MICHAEL PHILLIPS)

SALSABILL was finally drawn from Ascot's King George VI and Queen Elizabeth Diamond Stakes yesterday, along with Michelozzo, Observation Post and Blue Stag.

However, the Ascot showpiece is still full of interest as Old Vic has stood his ground together with his younger stable companion Belmez. Their participation, however, is now entirely dependent on the weather, the final decision resting with their owner, Sheikh Mohammed.

In any event, his colours will be carried by the French-trained four-year-old in The Wings, who is already the winner of the Coronation Cup in this country this season.

It should go without saying that Old Vic would be extremely hard to beat if he were in the form that enabled him to run away with the French Derby last year.

If he is not, the way would be easier for Terimon, who must have a sporting chance of giving his owner, Lady Beaverbrook, her second taste of success in the Ascot showpiece following Potoski's triumph five years ago.

There are a number of reasons for backing Terimon each-way, not least of them being the prevailing firm ground, which he will relish unlike In The Wings, who would surely prefer it softer having once chipped a bone in his knee.

Terimon is also suited by a strong gallop, which he will get since Limeburn is there solely

as a live chance to triumph in the Ascot showpiece. After all, he was runner-up to Nashwan in last year's Derby. It is also pertinent to add that Cacoethes was two lengths behind him in third place that day.

Like Terimon, Cacoethes will love this fast going but his only run this season, at Goodwood way back in May, was so disappointing that I'm quite happy to go along with Lady Beaverbrook's first string.

Her second colours will be worn by Walter Swinburn on Chatter, who, along with Assatis and Legal Case, has no convincing chance of beating Sapiencia judged on their recent running in the Prince of Wales Stakes at Newmarket.

Well that Sapiencia won that day, he still has to show further improvement in May, to beat a horse of the ability of Terimon and Clive Brittain's four-year-old has not given the impression of being a horse in decline this season.

Assatis, who will be ridden by the Japanese jockey Masato Shabata, does appear to have his best chance for Ascot. He has won three of his four races, including the Hardwicke Stakes twice.

Good horse that Husyan has shown himself to be over a mile and a quarter this season, he still has to convince his jockey Willie Carson that he will see out this longer trip in this country. However, I happen to know that his trainer Peter Waley is convinced that he will stay if he is ridden with greater restraint than he was when finishing only fifth behind Assatis at Royal Ascot.

Today's programme begins again with a race for women riders, the Pigot Diamond Stakes, also sponsored by De Beers Consolidated Mines.

That race which should go, ridden by his trainer Fulke Johnson Houghton's daughter Eve, I just prefer to back her, who invariably works very well at home at Manton when partnered by Barry Hills's wife, Penny. Maxine Juster takes the ride on Lacey Bay today, who showed decent form in two handicaps in the spring.

Zigzura, who was a fast-finishing second to that talented filly Chicaria in the Cherry Hinton Stakes at Newmarket earlier this month, is now napped to go one better in the Princess Margaret Stakes and might offer a chance of winners for Steve Cauthen.

Sedair (3.55) and Halston Prince (4.55) are other likely winners for Cauthen.

Blinkered first time
ASCOT, 4.35. Eager, 4.55. Key, NEWCASTLE, 2.50. Clean Up, 2.50. Sea, WARWICK, 6.45. Sappho, 7.45. Desi Mimi.

Festival prizes near £1m
PRIZE-MONEY of £920,000 will be on offer at Ascot on September 29, making it the most valuable day's racing staged in Britain.

The centrepiece of the Brent Walker Festival of British Racing will be the Queen Elizabeth II Stakes, Europe's richest mile event, with an estimated value of £325,000.

Entries for the race include two from the United States - Stately winner of last autumn's Breeders' Cup mile, and Pleasant Variety, placed in valuable handicaps at Hollywood Park this year. All six Ascot races will be covered live by BBC television, and beamed overseas.

The programme is: £107,000 Stud Lite Lager Handicap; £120,000 Royal Lodge William Hill Stakes; £170,000 Elizabeth II Stakes; £170,000 Brent-Walker Fillies' Mile; £87,000 King Diadem Stakes; £110,000 Festival Handicap.

Silver Ring attractions on the day include an appearance by Desert Orchid.

Balding set for double in Munich

IAN Balding's Dashing Blade (John Mathias) and Michael Jarvis's Treble Eight (Walter Swinburn) launch a strong assault on the £64,100 Ascot Mercedes-Benz-Preis-Bayerische Zuchtrennen (10f) at Munich tomorrow.

Dashing Blade must have an excellent chance as two weeks ago he produced a scintillating display to easily win the group two Prix Eugene Adam at Saint-Cloud.

Balding is also represented on the same card by Monga (Mathias), who has bright prospects on the £12,820 Listed Mont-Preis von Bayern, over an extended six furlongs.

Neil Graham is represented at the meeting by the filly Night of Stars (Swinburn), who will be out to make her mark in the £7,232 Listed Preis der Landeshausbauerei over a mile.

John Gosden has decided to ride Cologne the same afternoon with his Prix Messidor fourth Maximilian (George Duffield) in the group three £21,978 Ostermann-Pokal (1m).

Thakiba (Willie Ryan) and Candy Cluck (Tony Cruz) and two British riders competing for today's one mile Prix Daphnis at Evry. While Candy Glen shoulders a 7lb penalty for his Premio Parioli win, Thakiba receives all the allowances and is chosen to beat the Francois Boutin-trained Tervasio (Gerald Mosses).

Scudamore has Swedish rides
PETER Scudamore will have his first public rides since sustaining a wrist injury at Cheltenham in April when he competes in three races at Sweden's Taby racecourse on Monday evening.

Scudamore is expected to leave for Sweden tonight, as he plans to attend the world equestrian games in Stockholm, prior to Monday's meeting.

BIG-RACE FIELD BBC1

3.20 KING GEORGE VI AND THE QUEEN ELIZABETH DIAMOND STAKES (Group 1: £284,715: 1m 4f) (11 runners)		
301 (8)	110-412 ASSATIS 18 (D.F.S.) (S Harada) G Harwood 5-9-7	M Shabata 95
302 (10)	3122-4 CACOETHES 86 (D.F.S.) (Lady Harrison) G Harwood 4-9-7	R Cochrane 98
303 (8)	4-13342 CHARMER 18 (D.F.) (Downing Lady Beaverbrook) C Brittain 5-9-7	W R Swinburn 91
304 (3)	12-0151 HUSYAN 14 (D.F.S.) (Hamdan Al-Maktoum) P Waley 4-9-7	W Carson 90
305 (2)	1/10-211 IN THE WINGS 27 (D.F.S.S.) (Sheikh Mohammed) A Fabbri (Fr) 4-9-7	C Assmusen 95
306 (4)	2101-45 LEGAL CASE 18 (B.F.F.S.S.) (Sir G White) L Cumani 4-9-7	L Dettori 92
307 (6)	220-051 LIMEBURN 21 (B.F.) (Lady Harrison) G Harwood 4-9-7	A McGlone 68
310 (1)	1111-3 OLD VIC 36 (D.F.F.S.S.) (Sheikh Mohammed) H Cecil 4-9-7	S Cauthen 89
311 (5)	220-221 SAPIENCIA 18 (D.F.S.) (W O'Gorman) Jimmy Fitzgerald 4-9-7	Pat Eddery 92
312 (7)	24-1632 TERIMON 21 (Fr) (Downing Lady Beaverbrook) C Brittain 4-9-7	M Roberts 93
313 (11)	1-113 BELMEZ 27 (D.G.) (Sheikh Mohammed) H Cecil 3-8-9	M Kinane 92

BETTING: 9-4 In The Wings, 3-1 Cacoethes, 11-2 Sapiencia, 8-1 Old Vic, 9-1 Terimon, 10-1 Belmez, 16-1 Husyan, 20-1 Legal Case, 25-1 Assatis, 25-1 Chatter, 20-1 Limburn.

1989: NASHWAN 3-8-8 W Carson (2-9 fav) W Hem 7 ran

The Times selections: Mandarin (Michael Phillips): Terimon. Michael Seely: In The Wings. Private Handicapper: Old Vic. Newmarket Correspondent: Old Vic.

Form guide to the 11 contenders

ASSATIS	TERIMON (8-13) 41 6th (1m 21, Group II, £21,222, 6 ran).	SAPIENCIA	LEGAL CASE	CHARMER	HUSYAN	LIMEBURN	BELMEZ
July 10, Newmarket, good: see SAPIENCIA.		July 2 1989, The Curragh, good: (9-0) best Observation Post (9-0) 41 (1m 4f), Group I, £365,500, 8 ran).		July 10, Newmarket, good: see SAPIENCIA.			July 1, The Curragh, yielding: (9-0) 41 3rd to Salsabil (9-11) 1m 4f, Group I, £366,500, 8 ran).
June 22, Ascot: (9-0) beat Ile De France (9-0) 1 1/4 with OLD VIC (9-1) 10 3rd CHARMER (9-9) 1 1/4 4th and HUSYAN (9-9) 1 1/4 5th (1m 41, Group II, £29,821, 7 ran).	July 1, Saint-Cloud, good: (9-8) beat Old Vic (9-1) 1 1/4 (1m 4f), Group I, £18,500, 8 ran).	June 4 1989, Chantilly, good to soft: (9-2) beat Dancshall (9-2) 71 1m 4f, Group I, £225,225, 12 ran).		July 10, Newmarket, good: (9-0) best CHARMER (9-0) 3 1/4 with ASSATIS (9-2) 2 1/4 3rd and LEGAL CASE (9-9) 1 1/4 5th (1m 41, Group II, £46,158, 7 ran).			June 19, Sandown, good to firm: see HUSYAN.
May 4, Newbury, good to firm: (9-12) 1 1/4 4th to Roseate Tern (9-9) (1m 41, Group II, £42,312, 7 ran).	July 7, Epsom, good to soft: 1 1/4 best Observation Post (9-0) 1 1/4 4th, Group I, £21,045, 6 ran).			April 29, Sandown, good: (9-2) 2 1/4 2nd to Greater (9-11) 2nd 11 110yd, Group I, £262,965, 10 ran).			May 17, York, good: (9-9) 3 1/2 2nd to Braashee (9-9) (1m 6f, Group II, £47,223, 6 ran).
CACOTHES	LEGAL CASE			Oct 8, Longchamp, good to soft: see LEGAL CASE.			April 30, Fontenay, good: (9-10) 11 2nd to Rose de Beause (9-9) (1m, £23,210, 6 ran).
May 23, Goodwood, good to firm: see CHARMER.	July 10, Newmarket, good to firm: see SAPIENCIA.			June 19, Ascot, good to firm: see TERIMON.			TERIMON
Oct 8, Longchamp, good to soft: see LEGAL CASE.	Oct 21, Newmarket, good: (9-10) best Dejour (9-10) 1 1/4 head with CHARMER (9-3) 7 1/4 5th (1m 21, Group I, £225,745, 11 ran).						July 7, Sandown, good to firm: (9-7) 1 1/4 2nd to Elmstead (9-10) (1m 21, Group I, £157,056, 7 ran).
July 10, Newmarket, good: see SAPIENCIA.	Oct 8, Longchamp, good to soft: (8-11) 4 1/4 6th to Carroll House (9-11) 1 1/4 110yd WINGS (9-11) 1 1/4 11th and CACOTHES (8-11) 9 1/4 15th (1m 41, Group I, £450,450, 19 ran).						June 19, Sandown, good to firm: (9-3) short-head and a neck 3rd to Sandown (9-11) 1 1/4 110yd CACOTHES (9-7) 2 1/4 4th (1m 21, Group II, £56,894, 8 ran).
CHARMER	LIMEBURN						May 29, Sandown, good to firm: see HUSYAN.
July 10, Newmarket, good: see SAPIENCIA.	July 7, Sandown, good to firm: (9-10) best Summer Fashion (9-1) 3 1/4 (1m 3 110yd, Hcap, £49,515, 8 ran).						BELMEZ
June 22, Ascot, good to soft: see ASSATIS.	May 23, Goodwood, good to firm: see CHARMER.						July 1, The Curragh, yielding: (9-0) 4 1/4 3rd to Salsabil (9-11) 1m 4f, Group I, £366,500, 8 ran).
May 23, Goodwood, good to firm: (8-12) 2 3rd to Relief Patch (9-11) with CACOTHES (9-7) 2 1/4 4th and LIMEBURN (8-12) 8 5th (1m 21, Listed, £14,750, 7 ran).	May 18, Newbury, good to firm: (11-1) 37 14th to Song Di Suspense (11-0) (1m 21, Ladies Hcap, £53,768, 19 ran).						June 19, Sandown, good to firm: see HUSYAN.
July 10, Newmarket, good: see LEGAL CASE.							April 21, Newbury, good to firm: (9-13) beat Warm Feeling (9-13) 41 (1m 3f, £54,900, 6 ran).
HUSYAN	OLD VIC						Selection: OLD VIC
July 14, Ayr, good: (9-6) beat Akanda (9-3) 21 (1m 21, Group III, £27,102, good).	June 22, Ascot, good to soft: see ASSATIS.						
June 22, Ascot, good to soft: see ASSATIS.	May 29, Sandown, good to firm: (8-10) 9th beat Seacoe (8-13) 2 1/4 with						

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1. *Journal of the American Medical Association*, 1997; 277: 1033-1038.

...the fact that the *in vitro* and *in vivo* results are in good agreement.

1. The first group of people who are interested in the study of the history of the United States are the people who are interested in the history of the United States. This group of people is interested in the history of the United States because they want to know more about the United States. They want to know more about the United States because they want to know more about the United States.

Journal of Management Studies, 36(7), 809–826.

1

Figure 1. The effect of the concentration of the *Agrobacterium* suspension on the transformation efficiency of *Agrobacterium* strains. The *Agrobacterium* strains were grown in the YEA medium for 24 h at 28°C. The cell concentration of the strains was adjusted to 10⁸ cells/ml. The cell suspension was mixed with the plant tissue and the transformation efficiency was determined. The results were expressed as the mean ± SD of three independent experiments. The asterisks indicate the significant difference between the strains at the same concentration of the cell suspension.

هكذا من أهل

Power and beauty by order only

Built with the quality expected by its new owners, Rolls-Royce, the classic Italian speedboat maker, Riva, has long been the favourite of kings. It is little wonder then that the VAT alone can add up to £33,000 for a powerboat with speeds up to 47 knots

Anyone who can afford £230,000 for an open powerboat will not worry if VAT adds a further £33,000 to the bill. Despite the price tag, there has never been any shortage of owners or admirers of the classic Riva Aquarama, the 28ft Italian speedboat chosen by kings, princes and film stars.

Built to the same standard of craftsmanship as a Rolls-Royce, the design, first launched on Lago d'Isèo in 1962, is the cornerstone of a range of powerboats graduating up to the £1.5 million, 60ft Black Corsair that so impressed the British car-maker that it bought the company earlier this year. In the interim, Riva has built 749 Aquaramas for the likes of Prince Rainier of Monaco, Peter Sellers and Anita Ekberg.

Alexis Lewis, from Lewis Marine, the British distributor, can remember the days when these exquisite boats cost a fraction of the price. "The first one we exhibited at the 1972 London Boat Show was priced at £14,000. Even then we thought we would never sell it, but the interest was extraordinary," she says.

Powered by twin Chrysler 350hp V8 petrol engines, adapted and marinised by Riva's own engineers, the Aquarama Special, has a blistering top speed of 47 knots, which is enough to embarrass even the most eager boy

racers in their decorated plastic speedsters.

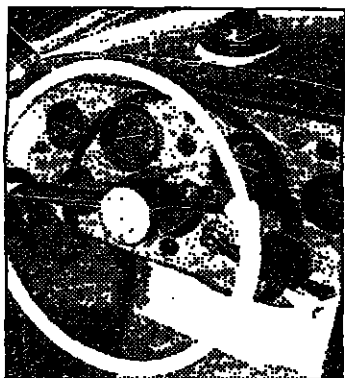
Constructed from plywood and specially selected mahogany that is left to mature for ten years, these boats take two craftsmen five months to complete and are built only to order. The steering console, instruments and twin gear levers sited on either side of the wheel are a throw-back to the 1950s, and the whole boat is set off with 12 coats of mirror-finished varnish.

They are built, like a Rolls-Royce, to last. The boat we had the pleasure of testing in Sardinia last week was 15 years old, yet showed hardly a mark, which is as much a credit to her German owner, who has obviously cosseted the boat since new. The ride proved silky smooth. Cutting across the wash of other boats, the bows knifed through the waves with hardly a bounce, while her handling characteristics put many more modern rival designs to shame.

If the Aquarama's new price tag is a little too steep, there is always the second-hand market. Lewis Marine has one on its books in excellent condition going for £85,000 and the company says that a sound but tatty Riva would cost about £60,000. However, it would then need to go back to the factory to be reconditioned — a service Riva offers at prices ranging from just \$91,500 (£50,833).

DETAILS

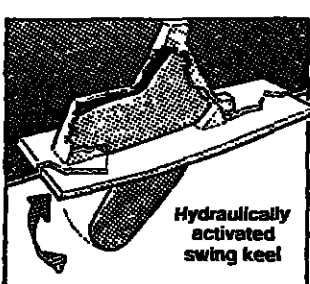
Riva Aquarama Special:
Length: 28ft 9in (8.75m)
Beam: 8ft 9in (2.69m)
Draft: 2ft 1in (0.63m)
Seating: eight
Engines: Twin Chrysler 350hp V8 petrol engines
Top speed: 47 knots
Cruising range: six hours
Price: From £220,000 + VAT
British distributors: Lewis Marine Ltd, 58/61 High Street, Wanstead, London E11 (081-989 2265).



Console: 1950s throwback



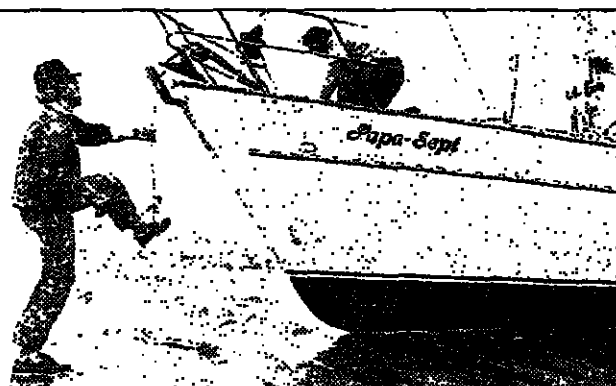
Classic lines: the Riva Aquarama Special knifes through the Sardinian waters with hardly a bounce, while her handling still puts modern rival designs to shame



Hydraulically activated swing keel

A swing keel can mean the difference between a dinghy ride to shore or an easy beaching on stony ground

Hidden advantage closer to the shore



Impressive routine: a swing keel that allows beaching

DETAILS

What other 44-footer can get this close to the beach? This was David Curry's enthusiastic comment as he jumped off the bows on to a deserted beach in Chichester harbour.

It is a routine that impresses guests aboard Papa Sept, a Southernly 135 cruiser, as much as other crews on far smaller yachts anchored by necessity further offshore, as they struggle to board rubber dinghies to reach this otherwise inaccessible headland.

The Southernly 135 and her sister models, which range from 32ft to 50ft, have one unusual advantage over rival cruisers, a swing keel that rises through a large cast-iron shoe in the bottom of the yacht and allows beaching even on stony ground.

Mr Curry took delivery of her a year ago to help him enjoy semi-retirement after the takeover of the family's electrical chain by Dixons. She is his first boat, for although he has raced and cruised for several years aboard friends' yachts, the pressures of work had left him with no time to run his own boat.

Mr Curry has made five duty-free trips to France and spends most weekends exploring the Solent. "The swing keel allows us to get in and out of places most people can only look on from afar. What is more, she is very easy to sail. All the sails can be furled up at the wind of a winch, and with the help of an autopilot, she can be sailed single-handed," he says.

SOUTHERLY 135 — Papa Sept.
Owner: David Curry.
Length: 44ft.
Beam: 13ft 3in.
Draft (keel up) 2ft 4in; (keel down) 9ft 6in.
Displacement: 23,100lb.
Sail area: 897sq ft.
Construction: fibre-re-

inforced plastic.
Engine: Yanmar 44hp diesel.
Speed: 8 knots.
Price: from £157,000 plus VAT.
Builder: Northshore Yacht Yards, Itchenor, Chichester, West Sussex PO20 7AY (0243 512611).

this size out of harbours such as Chichester and Bembridge at low water." Mr Curry says. The keel configuration also allows crews to be among the first to return to marinas that rely on a sill to retain the water in the basin, providing greater sailing time between tides.

Unlike earlier lifting keel shapes, whose designs relate more to the shape of the box into which they lift than to the business of improving performance, Mr Humphreys has developed a refined aerofoil shape to improve lift as well as to get the centre of gravity as low as possible to increase stability.

While Mr Humphreys has undoubtedly worked wonders to improve the righting moment of the 135 compared with earlier designs, the penalty that all lifting keel yachts must pay for their agility in shallow waters is lessened stability.

The Southernly's 2.7 ton, cast-iron keel plate and 1.7 ton foil provide adequate static stability to ensure guests are not frightened should they all

stray to one side, but the design is more tender than fixed keel counterparts when sailing upwind. "It is not a problem," Mr Curry says. "No boat sails well on its ear. We simply reef down by roller-furling in part of the sails at around 18 knots of breeze. That takes the heel off her without losing any speed."

The strongest conditions Mr Curry has been caught in is a force nine gale off the French coast. "I was the only one who was worried, mainly for the well-being of my crew and boat, but everyone else seemed to enjoy it," he says. "She certainly handled remarkably well and we didn't experience any problems with the furling gear."

The novelty of the swing keel apart, it was the yacht's interior design that attracted Shirley Curry to the Southernly. "My wife has very definite ideas, and chose the layout with three cabins rather than the open-plan version with its larger saloon," Mr Curry says. The window area provided by the pilot-house gives plenty of light below and the raised saloon offers those sitting around the large dinette table a panoramic view. Opposite, is a full-sized chart table and an optional second steering position in inclement weather.

The yacht also has a large galley alongside the companionway leading to the aft cabin, which is within easy reach of the main hatch. What appealed to the Currys were the Southernly's two large, comfortable double cabins with en suite shower and toilet compartments. The cabins are at opposite ends of the yacht and this provides a degree of privacy not normally enjoyed on a boat of this size.

A third cabin amidships has two pilot berths for use during sea passages, or by children. Another feature, unusual in a yacht of this size, is a workshop with a bench, vice and ample storage area for tools and equipment that can be reached from the aft toilet compartment or via a hatch in the main cockpit.

On deck, the Southernly boasts a large cockpit and plenty of space on the fore and aft decks for sunbathing or dinghy stowage. The transom also incorporates a bathing platform that seconds as a welcome step for guests embarking from their dinghies or climbing on board when she is beached.

Queen Mother's salute

MORE than 2,000 yachts, some from New York, will gather in the Solent on Monday as part of the Queen Mother's ninetieth birthday celebrations.

The pageant starts at 5pm when the Queen Mother, aboard the royal yacht Britannia, reviews the fleet anchored from Gosport to Cowes. Escorted by 36 motor yachts representing many of the yacht clubs between Ramsgate and Falmouth, the scene promises to be similar to the Spithead Review in 1977 when the Queen took the salute from 170 Royal Navy and Commonwealth supply and fighting ships.

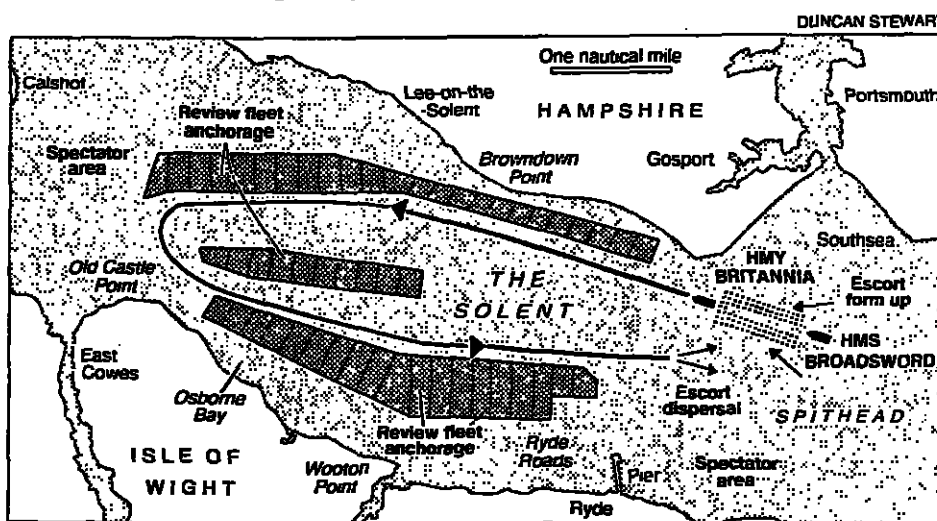
Several other famous boats are taking part, including the classic 94ft ketch Sumurun, built in Scotland in 1914, which Robert Towbin has sailed across the Atlantic to represent the New York YC. Another old timer, Peter de Savary's St Evian, a steam tug that he has converted into the floating headquarters for

his proposed America's Cup bid, will be there, along with the first of Chay Blyth's fleet of British Steel Challenge round-the-world race yachts. She will carry 300 young adventurers around Cape Horn in 1992.

"The event will be strictly controlled by more than 20 police launches, with no room for gatecrashers," Rikki Hamilton-Parks, the review organiser, says. Arrangements have been made to allow late entries to join the review on the day providing they register at the Island SC pontoons in Cowes before 2pm.

The Solent will then be closed to all shipping and non-registered yachts, except for two spectator areas south of Calshot at the entry to Southampton Water and east of Ryde Pier.

Tim Thompson, the marine artist, who recreated in oils the scene of the last such review in 1851 by Queen Victoria, has been commissioned to do a painting from which a run of limited edition prints are to be made.



● TOM McCLEAN's bid to be the first to sail across the Atlantic in a bottle is still being affected by bad luck. The ex-paratrooper, who has achieved everything but a trip across in a barrel (it took Eric Peters 46 days, eight years ago, crossing from Las Palmas to Guadeloupe in a 5ft 10in diameter fibreglass barrel), hit more trouble this week when the engine driving his 37ft Typhoon Atlantic challenger lost oil pressure 2,000 miles from Falmouth.

His bottle is now in the shipping lanes and a passing container ship, the Acadia Forrester, answered his call for help. Her captain donated ten gallons of oil. "It was quite a job getting the drums up the side of the bottle, but with the pressure up again, the engine

is running beautifully," Mr McClean reported via a Canadian ham radio operator.

After severe headwinds since leaving New York on July 10, Mr McClean has managed to cover only 1,000 miles during his first ten days at sea. Mr McClean's greatest complaint is lack of sleep. His bottle-shaped boat offers a restricted view from the wheel and, to avoid any accidents in the busy shipping lanes, much of his time is spent scanning the horizon on deck.

● THOSE with a nostalgic bent will want to make their way to Lake Windermere next weekend (August 4 and 5) for the first British classic motorboat rally. Organised by the Windermere Steamboat Museum, the rally has attracted powerboats and river and lake

launches dating back to the turn of the century, from countries such as The Netherlands, Denmark and Italy, to swell the 40-strong fleet of steam launches owned by the museum.

● SHIPWRECKS, sunken treasure and a fortune to be made (and lost) is a dream that inspires many divers. One success story, that of the Griffin, the 130ft East India-man that sank off the Philippines in 1761 loaded with valuable Chinese porcelain, is told by Charles Daggett and Christopher Shaffer in *Diving for the Griffin* (Weidenfeld & Nicolson £15.00). The book offers a vivid account of how a few enigmatic clues led to a 14-month underwater excavation and salvage of her priceless treasures.

Setting rescues alight

A simple safety device for rough seas is helping the man overboard

TRADITIONAL dan buoys, those overgrown fishing float-type safety devices stowed at the stern of yachts to mark a man overboard, have many faults. They are unwieldy, difficult to stow and often hard to jettison.

They are also extremely hard to see, as we proved during tests carried out last year by *The Times* in a review of safety equipment for yachts competing in the Whitbread round-the-world yacht race. Despite the flat, calm conditions, Tracy Edwards and her all-women crew, who acted as the testers, lost sight of the device almost immediately, reinforcing the experiences of Chay Blyth and Robin Knox-Johnston. The test by *The Times* succeeded in sparking fresh awareness of the problems and, as a result, Transqua Technology has launched an inflatable dan buoy that is not only easy to stow and launch, but can be seen from long distances.

Measuring 50cm x 11.5cm, the cased unit, which has won approval from the Royal Ocean Racing Club for use on all types of racing yachts, weighs a mere 3.3kg and clips on to any pushpit. In an emergency, the unit is easily unclipped and thrown overboard, where the pressure of the water sets off the gas inflation system.

Ten seconds later the 6ft day-glow orange pylon reappears on the water fully inflated, complete with a bright, flashing halogen light to help catch the eye when visibility is poor. Priced at £129 plus VAT, this safety equipment is suitable for power and sailing yachts.

Details are available from Transqua Technology, Moss Side Industrial Estate, Callington, Cornwall PL17 7DU (0579 83366).

Executive Editor David Brewerton

BUSINESS

Mirman plans 'small and private' retailing business



Mirman: many lessons

By GILLIAN BOWDITCH

SOPHIE Mirman and her husband Richard Ross, who ten days ago resigned as executive directors of Sock Shop, plan to be back in business before the end of the year.

Speaking from her home in central London, Miss Mirman confirmed she has plans to go back into retailing. "The new business will be something to do with retailing," she said. "We will look at a few different areas, although the area we know best is fashion retailing. I'm not the sort of person who can sit around doing nothing for very long."

Sock Shop is expected to be sold next week to a partnership formed

by Juan Olaso and Paul McGlade and backed by Murray Johnstone, the Scottish investment house. The team has been working round the clock to put together a deal that will value the assets of Sock Shop at about £5 million. They are also expected to take on about £5 million of debt.

But the deal is unlikely to give anything to Sock Shop's shareholders. The shares on the USM are suspended at 34p. Creditors are unlikely to receive much, and Miss Mirman and Mr Ross will receive nothing for their 82 per cent stake.

Miss Mirman says she is saddened that Sock Shop had to go into administration, but is pleased

the concept will survive. "We've learned so much from our involvement with Sock Shop. It's very easy in a bull market for the City and the media to portray you as experts in your field when you are, in fact, newcomers. There are so many lessons we've learned."

Next time, she will keep her company private. She said: "We want to be our own boss. It's a difficult time to be in retailing, but a good time to go into retailing. There are so many retail properties available at good prices these days."

"The most difficult time for us was just before the company went into administration when we knew that there was a problem. We were

extremely unhappy with the level of gearing." She believes that the administration has been a qualified success. "The idea was to keep the company as a going concern and that the creditors and minority shareholders should get some kind of compensation."

When it became apparent that that was not going to be the case, Miss Mirman and Mr Ross decided to resign their executive posts. They agreed to stay on as non-executive directors if the restrictive covenants preventing them from going back into retailing were lifted.

The couple's new business will be small as well as private. "It will

be a hands-on business. We will not let it get too large," she said. Unlike other entrepreneurs whose businesses have run into trouble, she does not blame the City. She said: "It's easy to blame other people, but when you are in the public arena, you have to accept the pressures."

Nor does she blame her husband, although he has come in for criticism. She said: "He has been made a scapegoat, but the decisions we made and any mistakes we made, we made very much together. I was in the public eye and he wasn't, and it was more difficult for him to defend himself."

Miss Mirman accepts that mis-

takes were made and is prepared to shoulder the blame, but adds that the business suffered a large element of bad luck.

She said: "We geared up and moved into Europe at a time when the government was encouraging businesses to move into Europe and 1992 was very much in everyone's thoughts. At that time, interest rates were only 7½ per cent. We were also hit by the train strike and the extremely hot summer. Last year, both of which crippled our business. Yes, we did make mistakes over the last two years, but it is very easy with hindsight to solve the problems. What is more difficult is foresight."

Opec sets \$21 a barrel to send prices up

From MARTIN BARROW IN LONDON AND ALAN MCGREGOR IN GENEVA

A NEW target oil price of \$21 a barrel, \$3 higher than the previous benchmark, emerged yesterday as Iraq agreed to moderate its claims for more substantial increases at the Organisation of Petroleum Exporting Countries meeting in Geneva.

Opec members also agreed new output quotas, sanctioning an increase in the official production ceiling from 22.09 million barrels a day to 22.49 million barrels until the end of the year.

Higher oil prices will inevitably mean further increases in petrol prices for motorists in Britain, although the scale will depend on the efficiency of the new Opec quotas. Energy analysts expect the increase to filter quickly through to the Rotterdam petroleum market, where most of Western Europe's petrol is bought.

Shell, Esso and Texaco have announced 5.5p a gallon increase in all grades of petrol. This means motorists will pay an average 204.8p a gallon for Shell four-star and 191.2p for unleaded, with Texaco four-star costing an average 205.1p and unleaded 191.4p.

The 13-nation Opec cartel appeared last night to be confident that the increased quotas would be honoured, effectively removing about 500,000 barrels a day from the market and choking excess supply by the third-quarter of the year, when demand from Western nations ahead of winter is strong. Earlier this year, prices fluctuated between \$14 and \$17 as quotas were repeatedly breached, most notably by Kuwait and the United Arab Emirates.

Agreement was reached as Iraq, which has assumed a much more militant role in Opec, backed down from its demand for a \$25 target for oil

after Kuwait and the UAE made firm commitments to adhere to their quotas. Kuwait has been threatened by military action by Iraq unless it cuts production, while the UAE's official quota has been increased to 1.5 million barrels a day, on a par with Kuwait.

However, Iraq has achieved its main aim of forcing the target price beyond \$18 for the first time since 1986. All countries except the UAE have agreed to maintain their quotas at current levels, another clear victory for Iraq, which, because of infrastructure problems, is considered incapable of lifting production at present.

Although there is still a substantial gap between the target price and current spot prices of less than \$18 dollars, analysts believe the stage is now set for a steady rise in prices.

Geoff Pyne, an analyst with UBS Phillips and Drew, said: "Quota discipline will be very good." He believes that there may be some weakness in prices immediately after the Geneva meeting ends, but that a recovery will follow. "Traders may have anticipated agreement and will be looking to take profits," he said.

The \$21 benchmark was first agreed in bilateral discussions between Saudi and Iraqi delegates. It was endorsed by the other 11 ministers at the closing session.

Apart from Iraq, seeking \$25, Opec nations were reluctant to go above \$20, fearing that that consuming nations adopt energy-saving if Opec again appeared as a grasping cartel.

Increase may give the chancellor more scope

By RODNEY LORD, ECONOMICS EDITOR

HIGHER oil prices may increase the chancellor's room for manoeuvre in next year's pre-election budget. For every rise of \$1 in the average price of oil this year, the Treasury can expect an extra £240 million revenue in 1991-92, other things being equal.

Brent crude's 1989 average price was \$18.10 a barrel, and Treasury projections assumed no change this year. If the Opec agreement to raise the benchmark manages to lift the average price by \$3 a barrel,

the government could net an additional £420 million from royalties and petroleum revenue tax in this financial year and £720 million in the next, equivalent to about ½p off basic-rate income tax.

The sums are vulnerable to the recent rise in sterling. The average sterling-dollar exchange rate in 1989 was \$1.64 to the pound, considerably lower than the current \$1.82 or so. A stronger pound will reduce the sterling yield from any rise in the dollar price.

British Steel plays for time

By DEREK HARRIS, INDUSTRIAL EDITOR



Patting off the poll vote result: Sir Robert Scholey at the annual meeting yesterday

THE "Ravenscroft clause," as Sir Robert Scholey, British Steel chairman, once described them, took their lobbying campaign for a full-blooded Scottish steel industry to the annual meeting of British Steel, filling the great room of the Grosvenor House hotel in London's Park Lane.

Sir Robert, known as Black Bob, seemed occasionally on the defensive but ultimately won the round.

Demands about the future of British Steel's Scottish plants took up much of the meeting as the lobbyists tried to secure a seat on the board for Sir Kenneth Alexander, the Scottish academic and industrialist. It was unanimously opposed by the board.

When the nomination attempt failed on a show of hands, the Scottish camp demanded a poll vote. Eventually, the hundreds of shareholders milling around were told the result would not, as expected, be announced then but overnight. A Scholey aide murmured: "It's the first time we've had anything like this."

Sir Robert had been sizing up the invaders from the North, led by the new Standing Committee for the Defence of the Scottish Steel Industry.

"I should tell you," said Sir Robert after the poll vote was called for, "that I have here 600 million proxies."

His opposition later assessed their proxy backing at 20 million, adding that they had not really expected to win anyway.

MMC to look at metals deal

By OUR INDUSTRIAL EDITOR

THE Monopolies and Mergers Commission is to investigate the sale of the brass wire and extruded rod business of McKechin, the West Midlands plastics and metal components group, to the Boliden subsidiary of Trelleborg, the Swedish group.

The action was recommended by Sir Gordon Borrie, director general of fair trading, because the deal appears to strengthen the existing duopoly of the McKechin interests that are being sold and those of Delta Metals.

Imports of semi-finished brass extrusions appeared to be offering competition by accounting for about a quarter of the market. Boliden, however, mainly imports and thereby appears to account for a substantial market share.

Sir Gordon was also reacting to customers' disquiet in this sector of the brass market.

US economy near recession

From JOHN DURIE IN NEW YORK

THE American economy is hovering close to a recession with GNP growth in the second quarter at only 1.2 per cent, according to figures released yesterday by the commerce department.

The report was much lower than the expected 1.8 per cent increase and comes after the downward revision in first quarter growth from 1.9 to 1.7 per cent. It means the American economy has grown at the rate of only 1.2 per cent in the year to end-June. The dollar was weaker against the mark on the news, but virtually unchanged against the yen, while bond markets rallied slightly.

Nick Sargen, bond economist for Salomon Brothers, said: "The much weaker figures vindicate the recent rate cuts by the Federal Reserve Board and will make it biased towards further cuts if it receives further indications of a weakening economy over the next few months."

In early trading in New York, the Dow Jones industrial average was up slightly at 2924 points. Many analysts expect equity markets to react negatively to the news.

The American economy will have to grow at a rate of 2.9 per cent in the second half to meet the White House's 1990 target of a 2 per cent increase in GNP.

Economists say this is highly unlikely, with third quarter GNP figures being revised downwards to the 1.5 per cent level. A build-up in business inventories by \$26.2 billion in the second quarter was the only factor keeping GNP growth positive, as consumer demand fell by \$2.1 billion in the quarter, export volume was weak, and durable goods spending was down by \$9.9 billion.

The GNP price deflator, a broad gauge of inflation, grew at a 4.4 per cent rate in the second quarter, down slightly from the 4.8 per cent rate in the first quarter of this year.

Lex slide blamed on lower car sales

By OUR CITY STAFF

LEX Service has blamed a 36.9 per cent drop in interim pre-tax profits to £23.2 million on lower Volvo sales and has given a warning that the British car market is expected to weaken further.

Lex is holding its interim dividend at 5.9p a share, and says a planned property revaluation should show up a significant surplus over book value.

The group faces £5 million of restructuring costs in its electronic components division.

It adds that there is pent-up demand for new cars, which will only materialise when interest rates fall.

However, new car registrations are likely to fall to two million this year. Total British registrations in the first half of last year, but 8 per cent up on last year's second half figure.

Turnover in the six months to July 1 was £956.6 million (£1.02 billion), and net debt was 47 per cent of shareholders' funds, compared with 64 per cent at the end of December.

Lex Service sold its British computer systems business to management in May. American computer system interests recorded a £900,000 loss, similar to that recorded in the first half of last year.

Group staff numbers have fallen from 12,300 to 11,300. Sir Trevor Chind, the chairman, gave a warning that Lex will continue to be hit by a weak car market and high interest rates.

Lex Service yesterday announced a joint venture with Kanematsu, the ninth-largest Japanese trading company, to sell electronic components supplied by American and European suppliers to Japanese customers.

The joint company intends to supply components in kit form to Japanese manufacturers in America and Europe. Total sales by the joint venture are expected to exceed \$25 million within four years. Lex's initial investment will be \$160,000. Lex shares fell 4p to 248p.

Walker's seven-day wander

By COLIN CAMPBELL

PETER Walker, the former Welsh secretary, whose exit from the government may prove, cynics believe, to have been as timely as his departure from Slater Walker Securities, now has a boardroom appointment for every day of the week, Saturday and Sunday included.

Yesterday, Mr Walker, who left the cabinet in May, joined the board of Tate & Lyle, where he will be paid a salary of between £15,000 and £20,000 a year in return for attending board meetings "at least 12 times a year."

Mr Walker's other non-executive jobs include Smith New Court, British Gas, Worcester Group, the Welsh board of N M Rothschild, Delgaty, and D C Gardner Group.

Tate & Lyle makes the seventh, but probably not the last, though Mr Walker will find juggling the Filofax increasingly difficult given he has to fit in nearly 100 board meetings a year already. Poli-

ticians, and especially former cabinet ministers, are eagerly sought by companies anxious for the advice of an "insider". A boardroom vacancy can always be created for a prized candidate.

Former chancellors probably rank highest on the list of most sought after politicians. However, Mr Walker's business career pre-government gives him an edge over many of his colleagues.

For several years he was part of the financial double-act of Slater Walker. He linked up with Jim Slater in 1965. Mr Walker withdrew from the business before it went under. Mr Slater turned to writing children's books to restore his financial fortunes after the 1975 collapse of the business.

Mr Walker, first elected to parliament in 1961, became the youngest member of the Conservative front bench in 1964 as a spokesman on finance and economics.

Tate & Lyle said it had a longstanding policy of having

more non-executives than executive directors on its board, and that for such a position it sought high calibre individuals with relevant experience. "But any candidate has to have and show an interest in us, and is expected to make a positive contribution", it added.

Mr Walker's international connections and his international point of view, fit nicely with Tate & Lyle's international role, it said.

Sugar is a highly political commodity, and Mr Walker's wander through the corridors of power make him a suitable candidate for a seat at the company's table.

Earlier this week, D C Gardner Group said that throughout his business and political careers Peter Walker had been a strong advocate of the continuing need for training and education and that his appointment to the D C Gardner Group board reflected his keen interest in this increasingly important area.



Michael Darrington: investment at record level

Greggs the baker rises as sales advance 13%

GREGGS, the bakery group, increased pre-tax profits before property disposals by 10 per cent to £2.54 million in the six months to June on sales up 13.6 per cent at £38.9 million. Earnings per share rose from 14.2p to 14.7p. The interim dividend is 4.5p up from 4p.

The company, where Michael Darrington is managing director and Ian Gregg chairman, said it was investing at a higher rate than ever before in spite of the poor general economic situation.

The group had opened 23

shops since the start of the year and made no closures. It planned to open a further 16 and close two during the rest of the year. It also planned to refit about 30 shops, Mr Gregg said.

"The second half of the year has got off to a satisfactory start. The benefits from the more appropriate weather for our business have been partly offset by increasing costs pressures. Nevertheless, I still expect profits to grow at a higher rate than was achieved in the first half," he said.

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Fall in the Lloyd's to pl at £40 first

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Fall in third world debt provisions lifts figures Lloyds back to profit at £408m in first half

By NEIL BENNETT, BANKING CORRESPONDENT

LLOYDS Bank returned to profit with £408 million in the first half of the year. The result was marred, however, by heavy provisions against corporate failures.

Profits before third world debt provisions were £474 million, down 18 per cent. But due to a £417 million fall in these write-offs, the pre-tax figure was up 339 per cent.

The figures contrast with the record £715 million loss made by Lloyds in 1989.

Slowdown in lending demand in the half kept operating profits to a marginal 2 per cent advance to £711 million.

Provisions against domestic lending soared from £60 to £190 million. Sir Jeremy Morse, the chairman, blamed the rise on high interest rates which have pushed a succession of Lloyds large corporate customers into difficulties.

Pre-tax profits were £30 million lower than forecast by City analysts, due to the high domestic provisions. But a 16 per cent rise in the interim dividend to 5p was higher than expected and the shares rose 1p to 299p.

The return to profits boosted Lloyds' capital adequacy ratio to 8.8 per cent. Last year this fell to 7.4 per cent, below the 8 per cent minimum demanded by the Bank of England's regulators after sovereign loan write-offs in the second half of £1.23 billion.

The increase was also helped by a £94 million extraordinary profit from the disposals of the bank's American branch network, its Canadian subsidiary and the stake in Yorkshire Bank.

Sir Jeremy said: "We have recovered from the damage that was done in the second half of last year. Our capital ratios are not back to where we

want them but they are getting there."

The high domestic provisions cast a shadow over the other banks, which announce results next week. Last year, Lloyds made the largest increase in domestic provisions, predicting the scale of the economic downturn.

Barclays, which made the smallest increase and has already admitted it is making a £100 million write-off against British & Commonwealth, is expected to have been hit harder. Barclays' shares fell yesterday 8p to 394p.

Lloyds' employee numbers fell 2,500 in the half year, 1,500 through disposals, and another 1,000 in continuing businesses. Despite this, staff costs reached £68 million, up 10 per cent.

The bank's cost-to-income ratio, the measure of operating efficiency, rose from 62.8 to 64.2 per cent.

One bright spot at the bank was the result of Lloyds Abbey Life, its 58 per cent-owned subsidiary, which increased interim pre-tax profits 14 per cent to £152 million, although holding its dividend at 6p.

The life insurer's growth was generated by a 86 per cent profit climb at Black Horse Financial Services, which sells policies through the Lloyds branch network, and a turnaround at the Black Horse estate agencies, which made a profit of £4.8 million after a loss of £5.9 million last time.

Michael Hepher, Abbey Life's chairman, said the recovery at the agencies had been achieved after the cost-cutting measure it took last year, including the closure of 80 of its 400 branches. The profits came despite a further fall in the agency's house sales to 17,600, down from a peak of 69,000 in 1988.



Road to recovery: Sir Jeremy Morse announces Lloyds return to profits yesterday

Walters softens stand on ERM

By RODNEY LORD

SIR Alan Walters, the prime minister's former adviser, said yesterday that membership of the exchange rate mechanism of the European Monetary System could be acceptable under certain conditions. The statement represents a softening of his formerly intransigent opposition to membership.

At the launch of his book, *Sterling in Danger*, at the Institute of Economic Affairs, Sir Alan said ERM membership would be tolerable only if it was accompanied by free capital movement within the EC and by a fall in inflation to about 4 per cent. These provisions echo the conditions agreed by the government at the EC summit in Madrid last year.

Explaining his willingness to compromise, Sir Alan said: "I am a negotiator." While freely floating rates or absolutely fixed rates were preferable, the "anathema" of the half-way house of the ERM could be tolerable depending on the provisions attached to it.

He said it was not clear whether the recent rise in the value of sterling indicated that investors' portfolios had been adjusted to the probability of ERM entry. "I guess that there is still a lot of portfolio adjustment to take place," he said. Britain might, therefore, face the same problems as Spain did after entry, with pressure for a premature cut in interest rates to keep the currency from rising out of the exchange rate band.

Sir Alan commended the government's hard ecu idea for a thirteenth EC currency that would be linked to the strongest of the existing currencies as "an improvement". He said it was the mark by another name, with the advantage that if the Bundesbank ceased to control inflation effectively, the ecu link could be switched to another currency.

He preferred, however, the idea of a competing new currency linked to a basket of commodities. Under this proposal, developed in Sir Alan's book, sovereignty would be surrendered not to "foreign prices" but to a non-inflationary standard.

Letters, page 30

BUSINESS ROUNDUP

Optical and Medical drops 14.5% to £6m

PRE-TAX profits at Optical and Medical International, the maker and supplier of specialist optical and instrumentation products, fell by 14.5 per cent to £6.01 million in the year to March 31. Sales slipped by 2 per cent to £34.4 million, reflecting the disposal of the medical division to its management in October and a lower-than-expected level of business in the final quarter of the year.

The final dividend of 3.46p makes 5.21p for the year, a 2 per cent increase on last year. Wensley Haydon-Baillie, the chairman, said that the payout reflected current strong trading conditions and full order books. The company's exposure to the defence industry had been reduced to 30 per cent of sales. Lontec, OMI's technical documentation subsidiary, had been hit by its involvement in defence-related industries.

Prospect pays ATP recovers first interim to £147,000

PROSPECT Industries, floated last December after it acquired three of Tace's engineering subsidiaries, reported pre-tax profits of £267,000 in the four months to end-March, against a comparative £200,000. Turnover was £2.5 million (£2.47 million). Earnings per share rose to 0.20p (0.21p). The interim payout, the first, was 0.1p.

Sycamore shares slide

SHARES in Sycamore Holdings, the kitchen to garden furniture manufacturer, which has been suffering from de-stocking, fell 7p to 18p after losses deepened. This follows an exceptional £1.5 million write-off related to slow moving kitchen stocks.

Pre-tax losses worsened from £29,000 to £1.74 million in the six months to end-March. Turnover climbed from £3.93 million to £4.17 million. The loss per share surged from 0.31p to 18.25p. Once again, there is no interim dividend.

Profits down Suchard insider probe

FORMINSTER, the clothing group, suffered a slip in pre-tax profits from £2.31 million to £1.99 million in the year to end-May. Turnover climbed from £18.3 million to £18.9 million. Final dividend is raised to 7.19p (6.25p), with an improved total of 10.22p (9p) for the year. Eps rise from 38.99p to 40.29p. The shares slipped 5p to 338p.

Gibbs Mew falls 19%

THE sale of fewer public houses by Gibbs Mew, the USM-quoted brewer and commercial property developer, resulted in a 19 per cent fall in pre-tax profits to £1.52 million in the year to the end-March. Eps fell from 29.29p to 22.96p. But the Wiltshire-based company is increasing the total payout 12.5 per cent to 6.75p, with a 3.75p final.

The core brewing and public house businesses increased profits from £1.22 million to £1.40 million on sales of £16.06 million, against £15.47 million last time. However, property disposals across the company's two divisions fell by £683,000 to £1.13 million.

Harlin and Bond seek cash deals to keep breweries

By ANGELA MACKAY

AUSTRALIA'S brewing industry could change hands on Tuesday if lenders to Harlin, the private company owned by John Elliott and his partners, and Bond Brewing Holdings, part of Alan Bond's empire, fail to negotiate separate refinancing deals.

Harlin owes Aus\$3.4 billion (£1.46 billion) secured against a 56 per cent stake in Elders IXL, brewers of Fosters Lager and owners of Courage in Britain. Harlin, which is 46 per cent owned by Mr Elliott, owes Hongkong & Shanghai Banking Corporation Aus\$1.6 billion, BHP about Aus\$870 million and Citibank some Aus\$589 million.

While total assets stand at £2.9 billion, Harlin has been in breach of its borrowing covenants since the company

reported a deficit on shareholders' funds of Aus\$480 million more than three months ago. Alan Bond's companies have been in breach of their covenants for the same reason for much longer however, and their banks have not yet withdrawn their support.

Mr Elliott tried unsuccessfully to negotiate a deal last week with TNT and News Corporation.

Terry Povey, analyst with ANZ McCaughan, the Australian brokers, said: "Harlin is a good example of how corporate complexity and personal greed can combine to destroy a business. Fosters Brewing is well-run but its cash generating ability has been misused to fund Elders' expansion and could end up

funding repayments to Harlin's creditors."

Bell Resources, on the other hand, has already asked Bond Brewing's bankers, which are owed Aus\$880 million, to extend the completion date for its controversial purchase of the Australian brewing assets beyond July 31. Bell said last night that it wanted an extension to August 17 but would not seek any further extensions.

At the same time, American creditors formally rejected a last-ditch offer to buy back US\$510 million of debentures at 50 cents in the US dollar. But the debenture holders have put forward a compromise offer that, after adding in outstanding interest, amounts to 70 cents in the US dollar.

Dalgety reduces Australian stake

DALGETY has sold a 24 per cent stake out of its 65 per cent holding in Dalgety Farmers, its Australian branch. The shares have been purchased at Aus\$2.80 (£1.20) each by Commercial Union Assurance Company, the Australian banking group, with a subsidiary of National Commercial Union and the DFL retirement and employee unit trust funds.

Added to the sale proceeds of other interests, Dalgety will be withdrawing about £80 million from Australia, reducing its investment to below £30 million, including its remaining 41 per cent stake in DFL.

Cameron slides

Waverley Cameron, the office equipment supplier, is holding the annual dividend at 1p a share with a 0.7p final after pre-tax profits fell 48 per cent to £1.43 million in the year to end-March. Earnings were 1.54p a share (2.98p).

Hunter Saphir

Hunter Saphir shares fell 5p to 72p on news of the death of the deputy chairman, John Saphir, aged 44, on Thursday.

Jourdan slips

Thomas Jourdan reported pre-tax profits of £532,000 (£602,000) for the six months to end-June. The interim dividend is 1.5p on 1.92p earnings (2.38p) a share. Sales were £13.3 million (£12.3 million).

Receiver named

Honorbit, the clothing distributor whose shares were suspended at 2.5p last Tuesday, has appointed Ernst & Young as administrative receiver.

Crystalate bid sent to MMC

By MARTIN BARROW

THE £34.4 million bid by Vishay Intertechnology of America for Crystalate Electronics has been referred to the Monopolies and Mergers Commission by Peter Lilley, the trade and industry secretary.

Following the referral the 90p-a-share cash bid, which was recommended by the Crystalate board, has lapsed. TT Group, the industrial

holding company, has made a rival offer, worth 85.5p in cash, and promised to honour an interim dividend of 2.2p to holders of Crystalate shares.

TT speaks for 26.2 per cent of Crystalate, owning 23.5 per cent of the company's share capital and holding acceptances in respect of a further 2.7 per cent.

The next closing date is Monday, with the final closing

date on August 20.

The Monopolies and Mergers Commission, which has been given until November 23 to deliver its report, is to consider the effect of a Vishay takeover on competition in Britain's market for fixed resistors.

Vishay and Crystalate would have a combined market share in excess of 30 per cent.

Fujimori to seek loan lifeline

By MARTIN BARROW

ALBERTO Fujimori, who takes over as president of Peru today, faces the formidable task of curbing rampant inflation in an attempt to secure a lifeline from the international financial community on which the impoverished Andean nation turned its back five years ago.

With inflation running at an annual rate of 3,000 per cent, the odds are stacked heavily against Mr Fujimori, the son of Japanese immigrants who won the recent election by pledging to resurrect an ailing economy with only the vaguest of promises. His one promise was to avoid the shock tactics of Brazil's Fernando Collor de Mello, who effectively shut down the nation by freezing financial assets and starving the economy of cash.

Mr Fujimori's favoured opponent, the writer Mario Vargas Llosa, made no such promise and lost the election.

However, observers now believe Mr Fujimori is set to shatter that promise within hours of taking power. Anxious Peruvians have gone on a spending

spree, clearing their bank accounts and stocking up with increasingly scarce staple goods, leaving supermarkets bare.

Certainly, extreme measures are required. On Tuesday alone prices rose by 3.3 per cent, exceeding the rate of inflation in West Germany for the whole of last year. In July, inflation was 60 per cent and economists are forecasting price rises of 250 per cent for August.

Juan Hurtado Miller, Mr Fujimori's finance minister, has spoken of reducing inflation to 10 per cent within 18 months, but after years of economic hardship few Peruvians have any faith in the new government. Alan Garcia, Mr Fujimori's predecessor, who commanded almost universal support when elected in 1985, presided over accumulated inflation of about 1.3 million per cent in just five years.

Under Mr Garcia, Peru refused to repay foreign debts and was cut off from the international community, unable to receive new lines of credit. The foreign debt now exceeds \$20 billion.

Mr Fujimori, an agronomist, has already met representatives of the Inter-

national Monetary Fund, the World Bank and the Inter-American Bank, seeking funds to cover the \$2 billion owed to the agencies. He has also visited Japan, his ancestral home, to secure financial aid but has come away empty handed.

With singularly bad timing, the Peruvian government last week reneged on a guarantee to repay \$186 million to a consortium of world banks, including Barclays Bank, which provided finance to develop a copper mine near Cuzco. Mining is Peru's sole legal source of foreign currency — the main breadwinner is cocaine — but the industry is at a standstill, crippled by industrial unrest and a crumbling infrastructure.

Peru's problems have been compounded by a bitter war against left-wing guerrillas who have pledged to overthrow the government and install a peasant-run state.

About 20,000 people have been killed in battles which have generally been restricted to the Andean highlands but which are increasingly encroaching on Lima.

Lloyds Bank results for the first half of 1990

"The results show a welcome recovery after last year's heavy provisions for third world debt. Conditions in the UK will be difficult throughout the year, but we are weathering them well and our life assurance business is developing strongly. We are maintaining our prudent approach to provisions for bad and doubtful debts, and have strengthened our capital ratios. At the same time we are able to increase the interim dividend by 16 per cent." Sir Jeremy Morse, Chairman

	Half year to 30 June 1990 (unaudited) £m	Half year to 30 June 1989 (unaudited) £m	*Full year 1989 £m
Profit (loss) before tax	408	93	(715)
Tax charge (credit)	138	141	(216)
Profit (loss) after tax	270	(48)	(499)
Minority interests	43	40	87
Profit (loss) before extraordinary item	227	(88)	(586)
Extraordinary item	94	-	-
Profit (loss) attributable to shareholders	321	(88)	(586)
Dividends	62	52	163
Post-tax return on average shareholders' equity	18.4%	(5.9%)	(20.4%)
Earnings (loss) per share	18p	(7p)	(48p)
Dividends per share	5.0p	4.3p	13.3p

* Financial information for the year 1989 is based on the full accounts for 1990 on which the auditors gave an unqualified report and which have been filed with the Registrar of Companies.

An interim dividend of 5.0p per share will be paid on 11 October 1990 to shareholders registered on 16 August 1990. Shareholders will be offered the choice of taking shares instead of the cash dividend.

Copies of the news release may be obtained from Investor Relations, Lloyds Bank Plc, 71 Lombard Street, London EC3P 3BS. Telephone: 071 356 1711.



THE THOROUGHbred BANK.

Tokyo shares plunge after bank admits payments

From Joe Joseph
in Tokyo

TOKYO share prices fell by nearly 1,000 points at one stage yesterday after a leading Japanese bank admitted that it had compensated favoured clients for losses they had suffered during the stock market crash in 1987.

The confession by Mitsu, now known as Mitsu Taiyō Kobe Bank after a merger, that it had paid 5.5 billion yen (£20.1 million) to cover customers' losses follows Thursday's disclosure that several Japanese stockbrokers, including Yamachi Securities and Daiwa Securities, are being penalised for indemnifying clients for about ¥16 billion lost during Black Monday.

Investors, fearing that what has come to light so far may be just the tip of the iceberg, took flight from the stock market, although the Nikkei index recovered by the end of the day to close only 506.27 points lower at 30,863.48.

It was the first time that the Nikkei had sunk below 31,000 since May 10. Mitsu said that it had bought back Japanese government and corporate bonds from leading clients to cover their losses in the bond market during the October stock mar-



Sumatsu: visited finance minister to apologise

ket crash, Kenichi Sumatsu, Mitsu Taiyō Kobe's president, visited Ryutaro Hashimoto, the Japanese finance minister, yesterday to apologise.

But the bank insists that it did nothing that violates Japanese law.

Also putting pressure on Tokyo shares were tumbling bond prices and worries about higher interest rates in Japan, which have deterred heavy buying of equities.

The yen weakened further against the dollar, which closed in Tokyo at ¥150.75, up ¥0.64.

Self-regulation still standing trial for the failures of legal controls



KENNETH FLEET

The City is unlikely ever to become a major election issue, but, whatever date Mrs Thatcher chooses to go to the country, the behaviour of the business and financial community will be an important minor theme. The City is the clearest mirror of the prime minister's belief in the virtues of deregulation and competition, and what the public sees there is mainly licensed greed and declining standards.

This is not entirely fair. Many shady practices have been abandoned and much of the abuse heaped on the City should not be laid at the City's door at all. On the other hand, there is the record of the Serious Fraud Office since it was set up in 1988: 47 convictions and 22 acquittals. The Guinness trial is also coming to a head; the police are at work following the trade department inspectors' report into the Blue Arrow affair, and investigations are continuing into Barlow Clowes, Dunsdale Securities, Ferranti and Homes Assured.

When John Wood, director of the SFO, says "the rewards of successful fraud are so great that the temptations are irresistible to quite a number of people" you have to take notice. When Mr Wood also tells us the SFO has not had "an effect on cleaning up the City", he is underlining the popular belief that the City needs cleaning up and that the cleaners are not up to the task.

Not surprisingly, the City has always preferred to regulate itself. Not surprisingly, when the government is politically embarrassed by financial scandals its supporters blame self-regulation and hanker after strict legal remedies. That is happening now, and it falls to John Redwood, a former merchant banker with NM Rothschild and now a minister at the DTI, and Peter Lilley, a former stockbroker with W Greenwell newly installed in Nicholas Ridley's chair, to respond to their criticisms.

The case for self-regulation of securi-

ties markets was well made in response to a trade department enquiry as long ago as 1974. The most important difference between self-regulation and a system of statutory controls is that "the former operates in the field of best business practice and the latter in the field of administrative and criminal law". The main advantage of self-regulation is simplicity. To operate efficiently, capital markets need "a minimum of friction and a maximum speed of reflex".

Professionals deal with other professionals and working decisions can be reached quickly. Self-regulation relies on concepts of fair market practice and on the spirit, as well as the letter, of the rules. Rules can be interpreted "flexibly" and new rules introduced "expeditiously". Self-regulation also "tends to keep disputes out of the courts".

With statutory regulation, the question asked is not "is it equitable?" but "is it legal?". The diversity of securities markets is such that "it is neither practicable nor desirable to seek to contain the ordinary flow of business within precise legal formulations". Laws and statutory rules take a long time to come into effect. A loophole will be found and exploited widely before it can be closed. Law tends to be applied at the margin. A practice marginally one side of the law becomes an offence and what is marginally the other side is permissible. Statutory systems encourage practitioners to operate as close as possible to the boundaries of the law. Finally, the sheer volume of legal documentation is such that only

specialists can hope to understand it. In America, decision-making in capital markets has swung from finance directors to corporation lawyers and from the stock exchanges to the Securities and Exchange Commission. In Britain, compliance officers are climbing the ladder, and the solicitors Linklaters and Slaughter & May are on first call. I believe that the course is set for our own version of the SEC.

When and where did London lose the paradise of self-regulation and fall into the fire of a statutory system? The answer is 1984, with the publication of Professor "Jim" Gower's *Review of Investor Protection*, which paved the way for the Financial Services Act, the Securities and Investments Board and the self-regulatory organisations. The FSA, the Insider Dealing Act and the new Companies Act now make up a formidable legal framework in which regulation is solidly set.

Regulation had to extend far beyond the capital markets. Most investors buy savings "products", of varying quality, and never come near the stock market — not least because the cost of the new regulatory system, in extra charges and mental fatigue, is an added deterrent. But self-regulation is now largely a myth and should not be blamed for the crimes and misdemeanours currently giving the City a bad name.

Ironically, the 1974 paper that gave warning of the faults of a statutory system expressed the opinion that the inadequacy of the state machinery for dealing with fraud "is the greatest single cause for public dissatisfaction with the supervision of the securities market". What, if anything, the government can do about that remains to be seen. For its part, the Securities and Investments Board would do well to restore self-regulation to professional market practitioners dealing with each other and focus its considerable powers on protecting the private investor.

Li Ka Shing moves into American junk bond market

From LULU YU IN HONG KONG

LI KA SHING, the richest businessman in Hong Kong, is making a spectacular foray into the American junk bond market by buying half of Gordon America, a merchant bank subsidiary which is acquiring a US\$3 billion portfolio of high-yield securities.

Mr Li's flagship companies, Cheung Kong Holdings and Hutchison Whampoa, and one of his own private firms, have agreed to pay US\$150 million for the 50 per cent stake in Gordon America in a joint venture with Gordon Investment Corp. a Toronto and New York-based merchant bank which owns Gordon America.

The deal is one of the biggest acquisitions in the junk bond market, and the first large one by a leading Hong Kong corporation. It marks a unique development by a conglomerate that is known for its conservative approaches in the colony's property, utility, shipping and telecommunications sectors.

The Gordon group's multi-billion dollar junk bonds are being acquired from Columbia Savings and Loan Association (CSL) — an institution that has caused considerable losses to American taxpayers. When many of CSL's junk bonds defaulted, CSL was

taken over by the federal government, which then auctioned the bonds at a market value of US\$2.9 billion.

Gordon America has agreed to acquire the bonds from CSL at US\$3 billion, of which US\$300 million will be paid in cash and US\$2.7 billion financed by a 10-year non-recourse note. If sold in the open market instead of being auctioned by the federal government, market sources indicate the price would be at least 10-15 per cent lower.

The note, which bears interest at 10.5 per cent a year, will be secured by the portfolio, according to a statement from the Hutchison group which said: "The total investment and the maximum exposure of subsidiaries of Cheung Kong Holdings and Hutchison Whampoa is US\$120 million". However this does not include the interest on the loan for which the borrower would be liable. "The Columbia portfolio was the largest high-yield securities portfolio held by the US savings and loans."

Subsidiaries of Cheung Kong and Hutchison and a private company owned by Mr Li's family will have 20, 20 and 10 per cent interests respectively in the new partnership with Gordon Investment.

ALPHA STOCKS

Vol '000	Vol '000	Vol '000	Vol '000
ADT 897	CU 187	Lorho 2,696	Shell 4,188
Aldy Nat 891	Cookson 244	Lucas 4,355	Sabre 132
Ad-Lyons 1,117	Crown 881	Mastropo 382	Scough 106
Amsted 229	Dalgety 1,039	M&S 2,022	Smith & N 1,251
Angean 813	Drons 2,265	Maxwell 1,039	SK Beach 811
Anglo 336	ECC 277	McG 386	Do Ute 820
ASDA 1,288	Enterprise 1,209	Mecca 120	Smith WH 179
AS Foods 111	Ferrara 1,238	MCEP 701	Smiths Ind 573
Aspland 174	Midland 1,478	Mediant 1,154	STC 363
BAT 3,043	FKI 40	Nat West 2,480	Stan Chart 260
BET 2,325	Glen Acc 315	Next 2,567	Storehouse 5,999
BTR 3,017	Granada 1,786	Nippon 110	Sun Alliance 878
BAT 3,178	Globe 638	P&O 1,016	Sun Life 77
Bass 719	Globe Inv 69	Pearson 108	T & N 25
Beas 128	Gwynedd 218	Pharm 8,513	Ti Group 525
Beasid Int 947	Granada 1,786	Phy Pack 704	Tarmac 1,423
BICCC 171	Grand Met 1,759	Prudential 2,562	Tate & L 2,114
Burton 616	GUS 'A' 284	Racal 1,639	Taylor Wood 303
BUC 528	GUS 'B' 385	Racal Tele 385	Telstar 1,597
Boots 983	GKN 2,238	RH Howe 513	Tesco 378
BPS 1,237	Guinness 741	Ran 123	Thames Wtr 773
Br Aero 213	Hamm 'A' 55	RAC 34	Thames Wtr 773
Br Airways 2,374	H & C 329	Redland 591	Titanair 1,606
Br Comm 182	H & C 329	Reed 564	THF 336
Br Land 219	H & C 329	Reed 564	THF 336
Br Petrol 4,183	H & C 329	Reed 564	THF 336
Br Retail 3,635	H & C 329	Reed 564	THF 336
Burd 20	H & C 329	Reed 564	THF 336
Burnham 459	H & C 329	Reed 564	THF 336
Burns 1,288	H & C 329	Reed 564	THF 336
Cadbury 589	H & C 329	Reed 564	THF 336
Carlson 589	H & C 329	Reed 564	THF 336
Coats 334	H & C 329	Reed 564	THF 336

TRADITIONAL OPTIONS

First Dealings Last Dealings Last Declaration For Settlement
July 16 July 17 October 18 October 19
Call options were taken out: 27/70 Cityview, London & Metropolitan, Platinium, Richmond Oil & Gas, Westland Ws.
Puts: VJ Lovell, Gaelic Res, Bioness Exhibitions.

Price rises 'fastest in Britain, Greece'

From Michael Binyon in Brussels

BRITAIN and Greece have had the fastest rising inflation rates over the past year in the European Community, according to figures released yesterday by the community's statistics office.

However, last month showed a marked slow-down in inflation rates in all EC countries, with British prices rising only 0.4 per cent.

The EC inflation rate in June was only 0.3 per cent, the lowest this year. However, the overall EC inflation rate for the last year was still 5.4 per cent, compared with 4.7 per cent in America and 2.2 per cent in Japan. Figures for the

first six months of 1990 showed that in comparison with the previous year, prices rose fastest in Greece, Portugal, Britain and the Netherlands.

Nearly all countries showed a drop in the inflation rate, compared with the same period last year, apart from Britain where inflation rose from 4.6 to 6.6 per cent, and Portugal, where it rose from 5.6 to 7.5 per cent.

Greece topped the inflation rate table, both in June, when prices rose 2.2 per cent, and in the first half, when the rate was 12 per cent. The annual rate is now 21.7 per cent.

Hanson generates Wakeham's answer

The most blinkered supporter, surely, would not see the handling of electricity privatisation as a shining example of statecraft. It is gift for the Opposition, which cannot stop the process but is bent on depressing the sale value, and a matter of concern for the management and for employees and their unions. My concern here is with the City's response, in particular the advice of bankers and brokers, whose reputation, as never before in a major privatisation, is on the line. There is no hiding place.

The basic problem is whether the generators, National Power and PowerGen, can be floated together in a conventional offer for sale, or should there be a commercial sale of PowerGen to Hanson or a higher bidder in an auction.

John Wakeham, the energy secretary, probably wants a minimum of £4 billion for the two undertakings — about £1.5 billion for PowerGen and the

balance for National Power. Whether Hanson is prepared to bid that kind of money should be decided by three weeks of "due diligence" and the commercial instincts of Hanson's Sir Gordon White. Without one acceptable bid on the table, Mr Wakeham is not likely to have an auction and he would have to risk putting up both generators for sale in February.

Unloaded them, he must. He is committed to privatising the industry before the end of this Parliament, which realistically means not later than May or June next year. The summer is out and there must be a good chance of an election in the autumn of 1991. The 12 area distribution companies will be floated in November, followed by one or both generators in February and the two Scottish companies in May or June.

If the market's capacity to absorb generators' paper does not extend to £4 billion, the government might have an

embarrassing flop on its hands. A flop might also undermine the market in the shares of the newly floated distribution companies that the government intends will be taken up in huge numbers by a cheering army of electricity consumers and small shareholders.

Politics and prejudice aside, the Hanson option, provided Hanson offers a premium price, would solve the problem in one go. Hanson has the financial resources to sustain a proper level of capital investment, and management and employees could look forward to good rewards for performance.

It is a pity successful management is despised so much, but not, I think, by those investors who would be asked to take over Hanson paper as part of a PowerGen deal. As the fourth income stream, power generation is the answer Lord Hanson and Sir Gordon have been looking for. This is not a frivolous act of goodwill to the prime minister.

UNLISTED SECURITIES

1990	High	Low	Company	Price	Change	1990	High	Low	Company	Price	Change	1990	High	Low	Company	Price	Change	1990	High	Low	Company	Price	Change
74	2.45	2.45	ADT	897		187	CU	187	Lorho	2,696		891	CU	187	Lorho	2,696		891	CU	187	Lorho	2,696	
112	2.45	2.45	ADT	897		187	CU	187	Lorho	2,696		891	CU	187	Lorho	2,696		891	CU	187	Lorho	2,696	
112	2.45	2.45	ADT	897		187	CU	187	Lorho	2,696		891	CU	187	Lorho	2,696		891	CU	187	Lorho	2,696	
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112	2.45	2.45	ADT	897		187	CU	187	Lorho	2,696		891	CU	187	Lorho								

Portfolio

PLATINUM

From your Portfolio Platinum card check your eight share price movements on this page only. Add these prices to your running total for the week and check this against the weekly dividend figure on this page. If it matches the figure, you have won outright or a share of the total weekly claim money stated. If you win, follow the claim procedure on the back of your card. You must always have your card available when claiming. Game rules appear on the back of your card.

Weekly Dividend

Please make a note of your daily totals for the weekly dividend of £4,000 in today's newspaper.

MON	TUE	WED	THU	FRI	SAT	WEEKLY

The winner of the £6,000 Portfolio Platinum prize yesterday was Mrs Pamela Wallace, of Dartford, Kent.

BRITISH FUNDS

1990	High	Low	Stock	Price	Change	%	YTD
100	100.00	100.00	100.00	100.00	0.00	0.00	0.00

SHORTS (Under Five Years)

1990	High	Low	Stock	Price	Change	%	YTD
100	100.00	100.00	100.00	100.00	0.00	0.00	0.00

FIVE TO FIFTEEN YEARS

1990	High	Low	Stock	Price	Change	%	YTD
100	100.00	100.00	100.00	100.00	0.00	0.00	0.00

OVER FIFTEEN YEARS

1990	High	Low	Stock	Price	Change	%	YTD
100	100.00	100.00	100.00	100.00	0.00	0.00	0.00

UNDATED

1990	High	Low	Stock	Price	Change	%	YTD
100	100.00	100.00	100.00	100.00	0.00	0.00	0.00

INDEX-Linked

1990	High	Low	Stock	Price	Change	%	YTD
100	100.00	100.00	100.00	100.00	0.00	0.00	0.00

BANKS, DISCOUNT HP

1990	High	Low	Stock	Price	Change	%	YTD
100	100.00	100.00	100.00	100.00	0.00	0.00	0.00

STOCK EXCHANGE PRICES

Poor support

ACCOUNT DAYS: Dealings began July 23. Dealings end August 3. Contango day August 6. Settlement day August 13.
 \$Forward bargains are permitted on two previous business days.

Prices recorded are at market close. Changes are calculated on the previous day's close, but adjustments are made when a stock is ex-dividend. Where one price is quoted, it is a middle price. Changes, yields and price/earnings ratios are based on middle prices. (aa) denotes Alpha Stocks. (VOLUMES: PAGE 39).

1990	High	Low	Company	Price	Change	%	P/E
100	100.00	100.00	100.00	100.00	0.00	0.00	0.00

BREWERIES

1990	High	Low	Company	Price	Change	%	P/E
100	100.00	100.00	100.00	100.00	0.00	0.00	0.00

BUILDING, ROADS

1990	High	Low	Company	Price	Change	%	P/E
100	100.00	100.00	100.00	100.00	0.00	0.00	0.00

FINANCE, LAND

1990	High	Low	Company	Price	Change	%	P/E
100	100.00	100.00	100.00	100.00	0.00	0.00	0.00

FINANCIAL TRUSTS

1990	High	Low	Company	Price	Change	%	P/E
100	100.00	100.00	100.00	100.00	0.00	0.00	0.00

FOODS

1990	High	Low	Company	Price	Change	%	P/E
100	100.00	100.00	100.00	100.00	0.00	0.00	0.00

HOTELS, CATERERS

1990	High	Low	Company	Price	Change	%	P/E
100	100.00	100.00	100.00	100.00	0.00	0.00	0.00

INDUSTRIALS A-D

1990	High	Low	Company	Price	Change	%	P/E
100	100.00	100.00	100.00	100.00	0.00	0.00	0.00

S-Z

1990	High	Low	Company	Price	Change	%	P/E
100	100.00	100.00	100.00	100.00	0.00	0.00	0.00

ELECTRICALS

1990	High	Low	Company	Price	Change	%	P/E
100	100.00	100.00	100.00	100.00	0.00	0.00	0.00

Portfolio

PLATINUM

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WEEKLY DIVIDEND
£4,000
 Claims required for +198 points
 Claimants should ring 0254-53272

OVERSEAS TRADERS

1990	High	Low	Company	Price	Change	%	P/E
100	100.00	100.00	100.00	100.00	0.00	0.00	0.00

PAPER, PRINT, ADVERTISING

1990	High	Low	Company	Price	Change	%	P/E
100	100.00	100.00	100.00	100.00	0.00	0.00	0.00

PROPERTY

1990	High	Low	Company	Price	Change	%	P/E
100	100.00	100.00	100.00	100.00	0.00	0.00	0.00

SHOES, LEATHER

1990	High	Low	Company	Price	Change	%	P/E
100	100.00	100.00	100.00	100.00	0.00	0.00	0.00

TEXTILES

1990	High	Low	Company	Price	Change	%	P/E
100	100.00	100.00	100.00	100.00	0.00	0.00	0.00

TOBACCOS

1990	High	Low	Company	Price	Change	%	P/E
100	100.00	100.00	100.00	100.00	0.00	0.00	0.00

TRANSPORT

1990	High	Low	Company	Price	Change	%	P/E
100	100.00	100.00	100.00	100.00	0.00	0.00	0.00

WATER

1990	High	Low	Company	Price	Change	%	P/E
100	100.00	100.00	100.00	100.00	0.00	0.00	0.00

© Ex dividend & Ex all & Forecast dividend & Interim payment passed & Prior at suspension & Dividend & Yield exclude a special payment & Pre-merger figures & Forecast earnings & Ex other & Ex rights & Ex split or share split & Tax-free ... No significant data.

The 'secret' way to make more money

Few people know about investment trusts because, unlike unit trusts, the companies who run them are not allowed to advertise. Such trusts, however, have proved an ideal investment for long-term savers.

Jon Ashworth explains how they operate, and their profits record

Investment trusts are the best kept secret in Britain. Forget bank and building society accounts, and do not even think about unit trusts. For long-term savers, investment trusts are the answer. A sweeping statement perhaps, but one which time has proved true. Shares have traditionally outperformed all other forms of investment, despite disasters on the stock markets. So, if one company's shares can have so much potential, imagine the power of grouping 50 or 100 such companies together and selling them in one package. This, briefly, is what investment trusts companies do.

The result is that the ordinary person has the opportunity to buy many shares at a far lower price than buying them one by one through a stockbroker. Commissions are low. In what other investment will £9.95 out of every £10 be invested after all charges?

Compared with shares, unit trusts, endowment policies and capital bonds, few investors will have heard of investment trusts, or what they are or what they have to offer.

Using the £100 acid test, the facts are: cautious savers who put £100 into a building society account in July 1980 and withdrew it today would find it was now worth nearly £237. More adventurous investors who put £100 into a typical unit trust at the same time would reap £333. But, in an average investment trust that £100 would now be worth £727 — and more, £1,053, for those who put their money on a trust investing in Japan.

An investment of £100 in the best performing trust, Capital Gearing, would now be worth £2,786.

Why is it that although investment trusts have been around for more than 100 years they are less well-known than unit trusts, which are relative newcomers? The answer lies in advertising, or rather the lack of it. Investment trusts are not allowed to promote themselves. Unit trusts can, and this has helped to make them more visible. They also have a good performance record, and investors who have put their money in unit trusts should not fear that they have made a mistake.

The point about investment trusts is that because their charges are so low, there is more money to invest in shares. This may make little difference over one or five years, but makes a huge difference over longer periods. There is also the question of structure. Unit trusts are open-ended funds, meaning their size

goes up as investors buy units, and drops — sometimes dramatically — when savers feel it is time to get out.

Because investment trusts are closed-end funds, they are more stable and able to gear themselves up, borrowing against their own capital to a far greater extent. This gearing can work against them, however, as some trusts found to their cost in the 1987 stock markets crash. But used wisely, it remains a useful tool.

For years investment trusts were the preserve of pension funds and other

advertisers. They may become even better known as a result of a review of marketing rules which may allow investors to join a scheme by cutting a coupon out of a newspaper and posting it off with their cheque.

The names are also becoming better known for a more mercenary reason. In the past, financial advisers who recommended investment trusts to their clients were not paid commission. The arrival of savings schemes has changed that, and advisers are taking a keener interest.

One of the most familiar names, Globe, will probably be forgotten in a few months' time. But the hostile takeover of the £1.2 billion trust by the British Coal Pension Fund has been the talking point of the industry, and will take longer to forget. Globe did more than many trusts to encourage regular savings. It had more than 37,000 private shareholders, many attracted by its international spread of shares.

Despite the efforts of Globe and others, it will be some time before the British investing public wakes up to the advantages of investment trusts. The unit trust industry complains that only 5 per cent of the public invest in them. Investment trusts companies have managed to attract just 2 per cent, and only time and publicity will tip the balance.

Scarcely 500,000 private investors have discovered investment trusts. Many more have invested in unit trusts, but there is room for improvement. As with anything to do with shares, investment trusts have their drawbacks. If investment managers get it right, funds under management will soar. If they slip up, the resulting fall will be just as great. The trusts are also plagued by the notorious "discounts", meaning shares trade below what they are really worth.

Over a long period, however, investment trusts have one of the best track records. Someone who put £1,000 in a building society in 1945 and left it there would now have £8,300 in their account, according to Barclays de Zoete Wedd. In a typical investment trust, it would now be worth £250,000.

The trusts are ideal for small, regular savers, who can buy cheaply into a basket of shares at minimum cost. No one is saying they should rush out and buy as many investment trust shares as they can. But anyone who puts £50 or £100 aside each month for the next ten years could be pleasantly surprised.

NEW TRUSTS	
Investment trust launches are booming — 19 so far this year, against 16 for the whole of 1989. Most newcomers, however, have been small funds specialising in new markets, and not nearly enough to make up for the loss of Globe after the £1.1 billion takeover by the British Coal Pension Fund.	
Trust	Amount raised (£m unless stated)
Abstrust New European	33.3
BZW Convertible	65.8
Beta Global Emerging Markets	21.4
Castle Calm	5.7
Dartmoor	35.3
ECU	14.9
EFM Java	14.5
First Ireland	28.8
Fleming European Flagging	31.0
French Property	24.3
German Investment	37.5
Henderson Highland	24.9
Jupiter European	5.7
Korea Liberalisation Fund	\$49.7
Latin American	\$72.6
Martin Currie European	22.1
Northern Investors Company	9.3
Slam Selective Growth	14.6
Venturi	5.1
Total raised	461.2

institutional investors, who were only too happy to keep quiet about their catch. Even today, the big institutions typically hold 70 per cent of the shares in an investment trust, leaving private investors to make up the difference.

The turning point came in 1984 when Foreign & Colonial, one of the largest groups, launched the first savings scheme for regular investors. Today the list of savings schemes reads like a *Who's Who* of investment trust companies: Flemings, Henderson, Ivory & Sime, Murray Johnstone, Touche Renmant, and Martin Currie are just a few.

Such names have become more familiar because the savings schemes, unlike the trusts themselves, are allowed to



Welcome breakthrough: David Walker, the chairman of the SIB, has promised action on the no-advertising rule

Veil on trusts to be lifted

THE strict limits on investment trust advertising have kept much of the saving public in the dark. Under the existing terms of the Financial Services Act, trusts can market only their regular savings schemes in newspapers and magazines. Even then, the advertisements cannot ask the reader to send money immediately, just write off for more details.

Trust managers have often complained this was an unfair barrier to business, compared to the wide-ranging marketing and sales powers of unit trusts, their traditional rivals. In March, the publication of the Securities and Investments Board's *Retail Review* promised to redress the balance.

The review offers trusts a new armoury of marketing techniques. Under its recommendations, advertisements can be more direct, and trusts can send out mailshots to prospective clients. Even cold-calling is suggested, although the review calls for a cooling-off period after any agreement.

The one condition of these new rules is that managers must decide whether their trust is suitable for prospective investors. It is a clear reference to the more esoteric trusts launched recently with the institutional investors in mind.

The SIB, sets it necessary to keep these away from the retail market, since it is worried the uninformed will be

persuaded to put their savings into obscure high-risk trusts. Its offer of self-regulation to trust managers shows a fair measure of trust, although the board would not doubt intervene if necessary.

The changes would also allow trusts to market themselves to all 8,000 of Britain's financial intermediaries. Until now it has been limited to the tenth of them which are allowed to arrange transactions in equities.

The review was a consultative document, and the SIB asked for comments to be submitted before the end of June. In May, however, SIB chairman David Walker told the Association of Investment Trust Companies (AITC) that he would implement the review, which is now expected to come into force early next year.

The general response from the industry has been a suppressed whoop of joy. But the submissions to SIB point to a number of weaknesses.

The idea of cold-calling is abhorrent to managers. The AITC and many of its members are worried that the ability to cold call could attract unscrupulous hard-sell

merchants and bring the trust sector into disrepute.

Unit trusts have the ability to cold call but hardly ever use it for similar reasons. Investment trusts would prefer not to have the power at all, and return would like to see a relaxation in the cooling-off arrangements.

Most managers challenge the need for any cooling-off period at all, but are resigned to its introduction. Since investment trusts are equities and normally bought and sold on an immediate bid-offer basis, cooling-off presents a problem.

THERE are two ways of achieving it, delayed investment, where the trust will hold funds for seven days, allowing the investor time to recall them, or cancellation when a client who gets cold feet can sell his shares at a special price within a given time. Here, opinion in the industry divides.

The AITC opted for the delay in its submission, believing this would be easier than operating a cancellation pricing system and that regular savings schemes were not price sensitive enough to war-

rant immediate investment. Ivory & Sime's comments on the review went the opposite way. It opted for cancellation, since it believed financial intermediaries are used to dealing on an immediate basis and would not accept a system which held their clients' funds in limbo for a week.

The disagreements however are only fine-tuning, and trust managers are already looking forward to their new freedom.

Most believe the immediate opportunities will come among intermediaries. Here, trust mailshots are limited to the 800 Fimbra members which are allowed to deal in equities. The cost of expanding the mailing lists to all intermediaries will be marginal, and may yield immediate results.

Success here however rests on the quality of intermediaries. A recent survey by the Unit Trust Association showed only 1,500 Fimbra members were actively dealing in trusts, while the majority stuck to standard life products. Trusts may find it an uphill struggle to establish the widespread delivery network they want.

Trusts are also unlikely to give up their frugal ways overnight. Ivory & Sime says the new rules will make it increase its marketing budget from £300,000 to £500,000. This is still less than 0.05 per cent of its funds under management.

NEIL BENNETT

A six-in-one scheme to pump up your savings.

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Using our Investment Trust Savings Scheme you can make monthly, quarterly or annual payments, with minimum amounts of £25, £100 or £250 respectively.

You can choose whatever combination you wish from our six investment trusts.

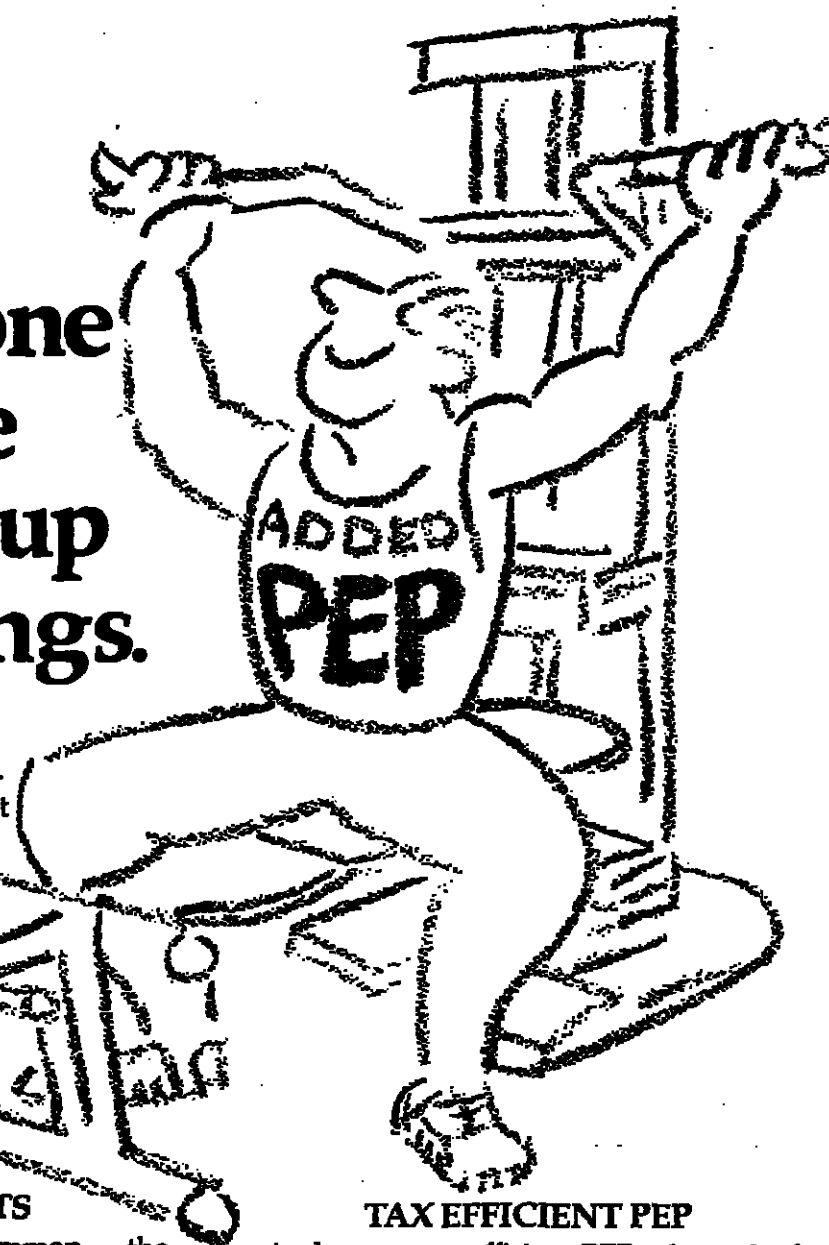
CHOICE OF SIX INVESTMENT TRUSTS

All six have one thing in common — the unparalleled skills of Kleinwort Benson Investment Management.

EXEMPLARY PERFORMANCE

Take Merchants Trust for instance. The AITC statistics show that over the five years to 31st May 1990 the net asset value total return was 102% and the dividend grew by 167%.

And over the same period the respective figures for Brunner Investment Trust were 126% and 88%. Just two examples to show how those skills pay off.



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And now a tax-efficient PEP scheme is also available, in Merchants, Kleinwort Smaller Companies or Jos Holdings.

For further information fill in the coupon below.

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Kleinwort Benson Investment Management,
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Tel: 071-623 8000.

Please tick the box for further information on
(1) KBIM Investment Trust Savings Scheme. ☐
(2) KBIM Investment Trust PEP. ☐

Name _____
Address _____

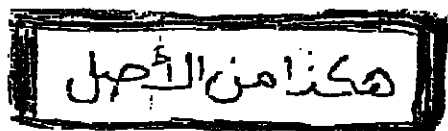
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Past performance is not necessarily a guide to the future and share prices can fall as well as rise so that you may not be able to get back the amount you invested.

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Order No 010469 Job No D6266
Kleinwort Benson 250 x 170mm
Final 26.7.90
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Font: £729

KL2E/50/D6266/010469
Dewe Rogerson
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The climb need not be difficult as there are two easy routes to investment performance through the Murray Investment Trusts Savings Scheme or a Murray Johnstone Personal Equity Plan. The Savings Scheme allows you to save regularly from £30 per month, or through lump sum investment from £250. In the Personal Equity Plan you can invest from £200 per month or from £2,000 in a lump sum.

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Source: Murray Investment Trusts 1985-1989. Figures are based on the total return to investors in the Building Society's Investment Trusts. Figures are not adjusted for inflation.

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Please send details of Murray Investment Trust Savings Scheme ☐ or Investment Trust PEP ☐

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INVESTMENT TRUSTS/2

FOCUS

TOP 20 INVESTMENT TRUST PERFORMERS

£100 share price total return over past ten years					
	£		£		£
1 Capital Gearing	2,786.4	8 F & C Eurotrust	991.2	15 English National Def	869.4
2 Lowland	1,297.1	9 City & Commercial Cap	966.0	16 Secs Trust of Scotland	865.8
3 Murray Smaller Markets	1,090.9	10 Fleming Universal	913.9	17 Electra	828.3
4 Murray Income	1,085.6	11 Law Debenture Corp	909.7	18 Foreign & Colonial	824.5
5 GT Japan	1,056.0	12 Govett Oriental	893.3	19 Murray International	814.4
6 Fleming Japanese	1,050.2	13 Fleming Far Eastern	891.8	20 Keystone	814.2
7 Drayton Far Eastern	1,011.0	14 TR City of London	877.3	Average, all trusts	726.7

Source: County Network Woodman (and Micropal)

Some nice little earners

Lesley Renvoise says investment trust companies need to spend about £5 million on advertising, otherwise potential investors will not know what opportunities they are missing



Faith: Lesley Renvoise says shares are a good thing

THREE years ago, like many British savers, Lesley Renvoise had never heard of investment trusts. Now, as head of publicity at the Association of Investment Trust Companies, she is determined to change all that. (Jon Ashworth writes)

With Philip Chappell, long-time adviser to the AITC, she has helped the companies which sell investment trusts wake up to the fact that they cannot sell to a public which does not know they exist.

The first task, says Ms Renvoise, is to get back to basics and explain that shares are a good thing, despite vivid memories of the 1987 crash. "One of the things that worries me and I think worries a lot of other people is that the concept of equity investment is no longer understood by the ordinary person in the street. It is understood as a casino."

The unfortunate thing about shares is that they can go down as well as up. But looking beyond the next few weeks, or even the next few years, they will nearly always be a better bet than the bank or building society.

"Somehow we have to get back the understanding of why equities are a sensible long-term investment, because so many people are losing out from having their money in deposit-based savings."

"Yes, they are a sensible place to have your money if you want to spend it next year and you should always have your first £5,000 in a building society or whatever, but people who have hundreds of thousands of pounds locked up in building societies are losing money in the long term because of inflation."

Ms Renvoise knows what she is talking about. She spent nine years with the Nationwide Building Society, before it became Nationwide Anglia, and was more than satisfied

with the savings scheme she had at the time. "I had a regular savings plan in the building society and thought I was doing the right thing."

Investment trusts may be a better bet, but they are of little use to anyone if they remain hidden. Ms Renvoise hopes the AITC members will do

nate £5 million for an advertising campaign to raise the profile of their industry, and bring home the advantages of owning shares.

"Investment trusts give you real ownership. You are a share owner, you own a part of that investment trust company. If you have a pension or

an endowment policy you are lucky if you know what part of the world your money is invested in, let alone which company. With an investment trust you know exactly which companies your money is invested in, you can go to an annual general meeting, you can ask questions, you get a full set of accounts."

Along with a broad advertising campaign, Ms Renvoise would like to see a figurehead brought in to drive the message home in the nicest possible way. Sir John Harvey-Jones, the former chairman of ICI, who has done much to promote wider share ownership, would perhaps fit the bill.

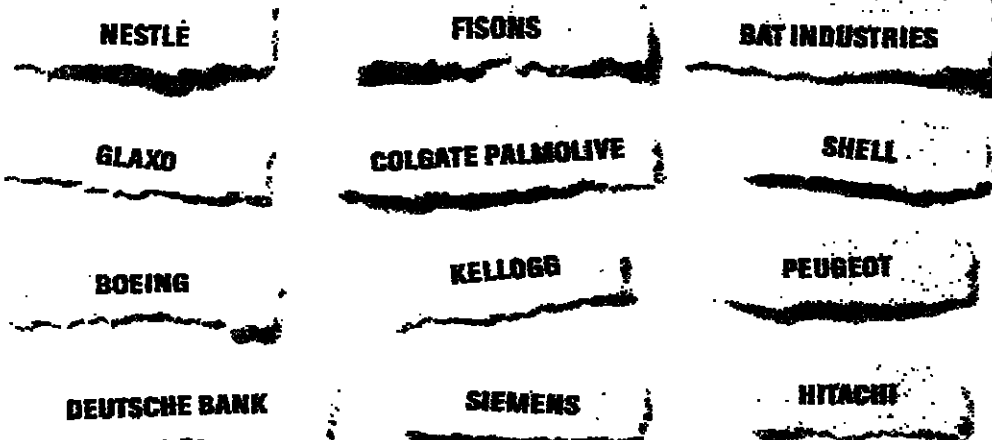
"What we need now is someone who can bring share ownership back to the level of ordinary people, and say this is not something that you have to be very wealthy or very clever to do. People are making money because that is how the world goes round and this is just your way of having your share of it."

High interest rates have lulled savers into thinking they are better off leaving their money in the bank or building society. But although their money may be in safe hands, it is also losing value.

Of course, shares can go down, investment trusts may over-gear themselves and the notorious discounts which haunt the sector are not going to disappear overnight. Despite all this, investment trusts are a good long-term bet, or so the statistics seem to prove.

"Anything is better than having your money in a building society long term. Once you have convinced people that they should be in the equity market, then we and others can go around and say, well, we think investment trusts are better than anything else."

مكازم الأصول



£25 a month buys you a share of them all.

If you are looking to invest in stocks and shares, you could hardly do better than the companies we've short-listed above.

Every one of them is a famous international name, with an enviable record of success.

Any one of them looks like a sensible choice for the so-called "small" investor.

And, with our Private Investor Plan, you can invest in them all.

Once a month, we take all our investors' contributions and invest them, en bloc.

In this way, the smallest sum gains the same buying power as the largest.

Furthermore, unlike some financial products, there are no front-end fees, no minimum charges for smaller orders, and no commissions to intermediaries. So you'll pay just 0.2% in brokerage charges.

But what about performance once the investment is made?

Here we should remind you that the value of shares can fall as well as rise, and past performance is no guide to the future.

That said, the Foreign and Colonial Investment Trust rose 171%* over the five years to July 1st, 1990, compared with an average Unit Trust return of 98%.

And an average return of 32% from a building society over the same period.

Take all this into account, and it's hardly surprising that experts are increasingly recommending Investment Trusts as a wise route into the market.

Or that so many savers feel our Private Investor Plan is worth an investment of rather more than £25 a month.

Foreign Colonial

*Offer to bid price including expenses, with net income reinvested. Source: Micropal.

Foreign & Colonial Management Ltd is Manager of five Foreign & Colonial investment trusts, and a member of IMRO.

For a copy of our Private Investor Plan brochure and application forms, send this coupon to: Foreign & Colonial Management Ltd, PO Box 2, Twyford, Berkshire RG10 9NW. Or phone Eleanor Brett on (071) 623 4680.

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YV/TM/7/90

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REAP REWARDS

These days more and more investors are recognising the potential for superior performance offered by investment trusts.

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Now there is a convenient way to benefit from the performance potential of the TR Trusts.

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- * Efficient administration.

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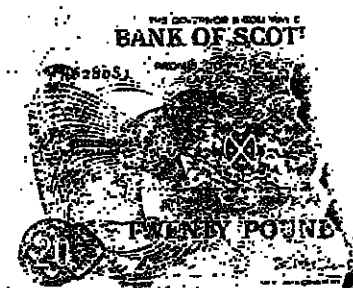
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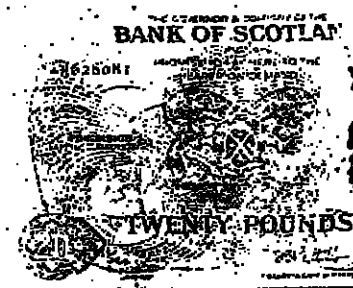
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YV/TM/7/90

*Source: Micropal. Based on £100 invested on 1 May 1985 with income re-invested. *Source: Martin Currie Investment Management Ltd based on Micropal statistics relating to Scottish Eastern Investment Trust plc, Securities Trust of Scotland plc, St. Andrew Trust plc, Martin Currie Pacific Trust plc with income re-invested.

Regular savings plans are a bonanza for the industry and for small, private investors

Saving grace



Marjorie Calder says the schemes have opened up the industry to private investors

The arrival of regular savings plans has been one of the best things to happen to the investment trust industry in years. They have done more to publicise the industry in two years than countless annual reports did in 20, and have taken up a key position in the battle to lure smaller private investors.

The plans are the most visible side of investment trusts for the simple reason that they can advertise while the trusts, under company law, cannot (Jon Ashworth writes). Ivory & Sime, Flemings or Foreign & Colonial cannot take out an advertisement urging investors to buy shares in one of their trusts, but their savings schemes can, and this extra visibility is beginning to pay off.

The schemes are one of the cheapest ways for investors to put money aside in an investment trust each month, or to invest an occasional lump sum. Some schemes accept as little as £20 a month, while one-off payments range from £200 to £2,000.

Anyone buying shares through a stockbroker is likely to pay at least £15 in commission on even the smallest deal. Since investment trusts buy in bulk, the same deal may cost as little as £1.

Foreign & Colonial set the ball rolling in 1984 when it launched the first investment trust savings plan, but results were slow. Three years later, 57 trusts were available through regular savings

schemes and there are now 105. In 1984, private investors put just £39,000 into the first savings schemes. Last year they invested £64 million, and £28 million was invested in the first quarter of 1990.

Despite the amounts, sales have slowed and many investors are only too happy to leave their money in a building society.

Mr Hart hopes at least a few will feel the time is right to dip their toes back in the

stockmarket. "I am not suggesting anyone should withdraw all their money from the building society, but 10 per cent would be reasonable. No one should put money in they will need next year. It is a question of looking medium to long-term and staying with it."

Murray Johnstone, which launched its savings scheme in 1988, doubled the size of funds under management in the first year and is looking for more of the same. The com-

pany has taken £6 million in lump sums from about 4,000 investors, while £175,000 is received each month from 2,250 regular savers.

Marjorie Calder, group marketing manager, says the schemes have opened up the industry to private investors. "The sort of people who deal in regular plans are those who are terrified of phoning up their stockbroker. They think they are going to be laughed at. The savings schemes remove the mystique, since an appli-

cation form is all it takes." Martin Currie, which has five investment trusts worth £900 million, says savings schemes are pushing up the number of private shareholders. Keith Falconer, a director, says the plans are helping tip the balance of power within the trusts away from institutions, which often hold 70 per cent of the shares.

Regular savers are, he says, also helping narrow the discounts which have come to haunt investment trusts. Most trusts stand at a discount of 14 per cent to their net asset value, meaning the shares trade below their real worth.

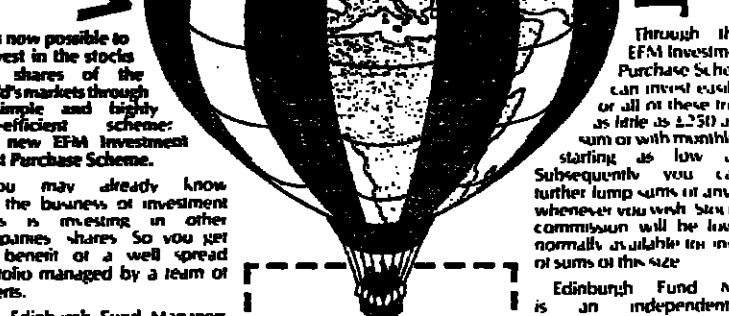
Flemings, the largest investment trust manager, also runs the largest savings plan, and takes in £1.5 million each month. It has more than 20,000 participants, including 8,000 monthly savers.

Some schemes are now linked to personal equity plans (PEPs), but reaction to their appeal is mixed. Some companies want nothing to do with them, saying the PEP rules – keeping 50 per cent of assets in UK equities, for instance – are too restrictive.

Others, like Flemings and Ivory & Sime, think PEPs have endless potential. Once an investment has been "pepped", any gains are tax-free. The companies which back investment trust PEPs say they will be the key to future sales. But, with or without a PEP, regular savings schemes are worth thinking about.

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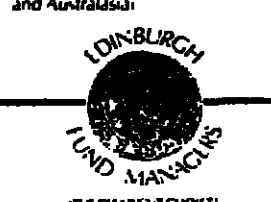
For Marketing Department, Edinburgh Fund Managers plc, 4 Melville Crescent, Edinburgh EH4 7HR. Telephone: 031-226 4931

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Fees start to rise

VALUE HAS always been a strong attraction of investment trusts. Annual management charges can run at a fifth of the charges made by unit trust rivals. This is changing. Many trust managers, blaming rising costs, have increased charges on their trusts (Neil Bennett writes).

Standard management fees are a recent development in investment trusts. It was only in the 1960s that professional management groups were established and with them, management fees levied, at first, informally. By the late Seventies, most trusts were turning to formal management agreements, renewable every five years.

This has lasted, although the fees have risen steadily. Last summer, Foreign & Colo-

nial, raised all its charges.

The increases have been caused mainly by the relentless rise in investment managers' salaries, which are outstripping inflation as asset-management companies are forced to keep pace with the rest of the City's pay structure.

Most managers believe trusts will stay cheaper than unit trusts, many of which now charge 1.5 per cent. When trusts were all ordinary British equity investment funds, the flat fee of 0.3 to 0.4 per cent on assets worked well enough. The trend towards specialist funds, has exposed weaknesses. A well-run income fund often sacrifices asset growth for dividends. And overseas and venture capital funds cost more to run than British trusts.

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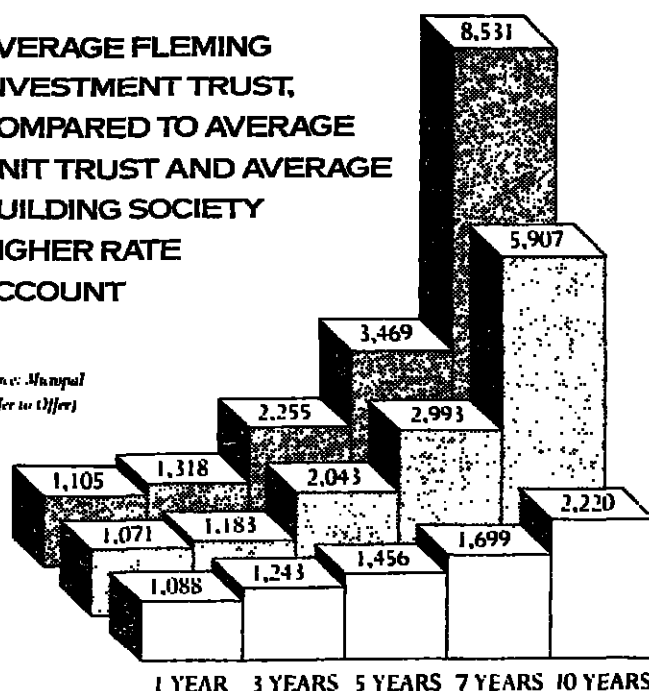
He'd have rubbed his hands at the thought of being able to invest a lump sum as small as £250, or of saving from £25 a month. At the miserly initial charge of 1%*, and the low dealing costs. And, of course, at the fact that (chuckle, chuckle) there's not a penny of commission to pay.

In fact, he'd probably have cut out the performance chart below, showing how the average Fleming Investment Trust has compared to unit trusts and building society higher rate accounts, and had it framed.

THE DICKENS OF A RECORD

AVERAGE FLEMING INVESTMENT TRUST, COMPARED TO AVERAGE UNIT TRUST AND AVERAGE BUILDING SOCIETY HIGHER RATE ACCOUNT

Source: Municipal (Chiffre in £1000)



Legend: Fleming Investment Trusts (dark bar), Unit Trusts (medium bar), Building Societies (light bar)

The figures show how an investment of £1,000 in the average Fleming Investment Trust (with net income re-invested) would have performed in comparison with the same amount in the average unit trust and the average building society higher rate account over the given periods to 2nd April 1990.

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FLEMINGS INVESTMENT TRUSTS

OFT aims to curb pressure salesmen

By JON ASHWORTH

NEW laws to protect consumers from pushy salesmen are finally on the way after the publication this week of a report by the Office of Fair Trading (OFT). The bad news is that it will be months or even years before the legislation takes effect.

The OFT report on trading malpractices is mainly aimed at high-pressure salesmen and others who continue to make life difficult for the public. High on the list are salesmen who sell double glazing, water purification systems, kitchens, and burglar alarms.

Financial problems are just as open to the same abuses. The OFT admits it is worried about dubious practices which include selling unnecessary or unwanted goods to the elderly or those in monetary difficulty.

The sale of endowment plans has long been a problem. More than 70 per cent of all mortgages are linked to an endowment, even though a simple repayment policy may be more suitable for homebuyers. Endowments are popular with salesmen because of the high level of commission they pay. On a £60,000 endowment mortgage taken out by a non-smoker, aged 30, the commission could reach £1,200.

Sir Gordon Brown, director general of fair trading, said a fresh approach to the problem was long overdue. "For some time now, I have felt that a fresh approach is needed to tackle sharp practice in the consumer marketplace. My proposals concentrate directly on tackling unlawful, deceptive or objectionable trading practices which have not been, or cannot be, controlled by existing legislation."

Under the new OFT proposals, salesmen or traders who misbehave would be served with a caution, requiring them to clean up their act. Failure to comply could lead to a court order, and a fine or jail.

The proposals must be considered by parliament before they become law, so developments may be slow. The OFT has invited comments by the end of the year.

Fund managers predict emerging economies will top growth league

By RUPERT BRUCE

IN TEN years time many less developed countries dismissed by today's investors may have booming stock exchanges. The Brazilian, Indian, or East European funds could well be top of the unit trust charts in the year 2000.

Already the big institutional investors, like pension funds, are buying shares in the growing number of funds set up to invest in countries like India and Chile. True, they can take more risks than the smaller private investor, but they would not if there was little prospect of reward.

While this is largely the result of cosmopolitan investment managers anticipating a swing of economic growth away from the developed world to the less developed, credit is due to a new generation of politicians. Generally, these leaders are reforming their legal, tax and economic systems to encourage foreign investment in their stock markets.

Nick Watts, investment manager at John Govett, said: "There's a greater recognition that the successful development of a stockmarket is a good thing not a bad thing for the economy... the foreign investor who has previously been shut out is being more welcomed."

Ten years ago there were very few unit trusts investing in shares outside Britain and America. There were only eight Japanese trusts and five European. Now there are 71 and 110 respectively.

The prime reason for this growth is that the stockmarkets have matured and become easier to invest in safely. But grown more familiar with equity investment in the UK and more confident about investing abroad.

Just as Japan's prosperity has drawn investors to its markets, so will that of many developing countries. Crispin Odey, a director of Baring Investment Management, says we are entering a period of reduced demand for goods.

In such times it has been the countries which do not have expensive new factories but few people to take to that



Developing market: the Buenos Aires bourse is likely to flourish under more stable economic and social conditions

prosper. While at the beginning of the Eighties, the less developed countries had these new factories, at the beginning of the Nineties they have been built by the developed world.

And the paradox between the size of the emerging economies and their stockmarkets suggests that investment managers will start buying a slice of the action. While these economies account for more than 10 per cent of the world economy for GDP, they represent roughly 4 per cent of the stockmarket index.

Another bonus point for these emerging stockmarkets is that they tend to have little correlation with the rest of the world. So while a New York stockmarket tumble will set off one in London, Bombay might well rise.

But there will be no banana republic funds. Of about 100 emerging stockmarkets, Mr Watts thought only between 15 and 20 are likely to offer investment opportunities. The others do not have the necessary combination of economic growth and political commitment. He highlighted India, Mexico, Chile, Turkey and Hungary as among those countries that will attract wider stockmarket investment.

John Govett already has country funds for institutional investors in Hungary and the emerging markets of Singapore and Malaysia. One of Mr Odey's favoured emerging markets is Brazil. The day after President Fernando Collor de Mello came to power in March he froze the bulk of the country's savings, promising to return it in stages after 18 months. Now inflation is down from 120 per cent a month to just 8 per cent.

This may well give the Brazilians the economic and social stability they so badly need, so, the naturally thrifty Brazilians will save and much of their savings will help the stockmarket grow and fund the country's industry.

Thornton Investment Management is best known as one of the pioneers of investment in the Southeast Asian mar-

kets. These have been the fastest emerging markets of recent years and their economies are still forecast to grow at 6 per cent a year.

Peter Dew, Thornton's managing director, expects these countries to have very powerful economies by the year 2000. But India and China may be even more powerful, competing for third place in the world economic league and a natural home for unit trust funds.

Of the two, Mr Dew favours India. Rajiv Gandhi, the former prime minister, started establishing a liberalised economy. There is a suitable political and legal structure to foster economic growth and stockmarket investment. And the 300 million-strong middle class is already investing in the 23 regional stock exchanges.

The economy is showing sustained economic growth with GDP growth running at over 6 per cent a year. "The sheer size of the country suggests that there is nothing to prevent it from joining the

world's major economic powers, unless the Indians mess it up themselves," said Mr Dew.

In India's case the burden of international debt does not seem insurmountable. But the levels of debt built up in the 1970s and 1980s in many of these countries continues to weigh down many undeveloped economies, prohibiting investment.

For those that are free of debt, the process of reform to allow the economies to prosper and industry to be funded by international stockmarket investment is only beginning. In the UK, the trade and industry department will not allow unit trusts to be more than 10 per cent invested in most of these markets until they are safer and more efficient.

Even then, unit trusts are more likely to invest in regions rather than single countries. Witness the number of European unit trusts as opposed to single European country funds which are harder to market.

INTEREST RATES ROUND-UP

Bank	Rate	Term	Notes
Ordinary Dep A/c	5.00	5.10	4.08
Fixed Term Deposits			
1 month	10.81	10.81	10.81
3 months	10.81	10.81	10.81
6 months	10.81	10.81	10.81
1 year	10.81	10.81	10.81
2 years	10.81	10.81	10.81
3 years	10.81	10.81	10.81
4 years	10.81	10.81	10.81
5 years	10.81	10.81	10.81

Bank	Rate	Term	Notes
High Interest Cheque Accounts			
Bank of Scotland	10.45	10.45	10.45
Bank of Ireland	10.45	10.45	10.45
Bank of Wales	10.45	10.45	10.45
Bank of Cyprus	10.45	10.45	10.45
Bank of Greece	10.45	10.45	10.45
Bank of Spain	10.45	10.45	10.45
Bank of Portugal	10.45	10.45	10.45
Bank of France	10.45	10.45	10.45
Bank of Germany	10.45	10.45	10.45
Bank of Italy	10.45	10.45	10.45
Bank of Japan	10.45	10.45	10.45
Bank of Korea	10.45	10.45	10.45
Bank of China	10.45	10.45	10.45
Bank of India	10.45	10.45	10.45
Bank of Australia	10.45	10.45	10.45
Bank of New Zealand	10.45	10.45	10.45
Bank of South Africa	10.45	10.45	10.45
Bank of Argentina	10.45	10.45	10.45
Bank of Brazil	10.45	10.45	10.45
Bank of Mexico	10.45	10.45	10.45
Bank of Chile	10.45	10.45	10.45
Bank of Peru	10.45	10.45	10.45
Bank of Colombia	10.45	10.45	10.45
Bank of Venezuela	10.45	10.45	10.45
Bank of Ecuador	10.45	10.45	10.45
Bank of Bolivia	10.45	10.45	10.45
Bank of Paraguay	10.45	10.45	10.45
Bank of Uruguay	10.45	10.45	10.45
Bank of Cuba	10.45	10.45	10.45
Bank of Haiti	10.45	10.45	10.45
Bank of Dominican Republic	10.45	10.45	10.45
Bank of Guatemala	10.45	10.45	10.45
Bank of Honduras	10.45	10.45	10.45
Bank of Nicaragua	10.45	10.45	10.45
Bank of Costa Rica	10.45	10.45	10.45
Bank of Panama	10.45	10.45	10.45
Bank of El Salvador	10.45	10.45	10.45
Bank of Honduras	10.45	10.45	10.45
Bank of Nicaragua	10.45	10.45	10.45
Bank of Costa Rica	10.45	10.45	10.45
Bank of Panama	10.45	10.45	10.45
Bank of El Salvador	10.45	10.45	10.45

Bank	Rate	Term	Notes
National Savings			
Ordinary A/c	5.00	5.10	4.08
Fixed Term Deposits			
1 month	10.81	10.81	10.81
3 months	10.81	10.81	10.81
6 months	10.81	10.81	10.81
1 year	10.81	10.81	10.81
2 years	10.81	10.81	10.81
3 years	10.81	10.81	10.81
4 years	10.81	10.81	10.81
5 years	10.81	10.81	10.81

Bank	Rate	Term	Notes
Guaranteed Income Bonds			
Bank of Scotland	10.45	10.45	10.45
Bank of Ireland	10.45	10.45	10.45
Bank of Wales	10.45	10.45	10.45
Bank of Cyprus	10.45	10.45	10.45
Bank of Greece	10.45	10.45	10.45
Bank of Spain	10.45	10.45	10.45
Bank of Portugal	10.45	10.45	10.45
Bank of France	10.45	10.45	10.45
Bank of Germany	10.45	10.45	10.45
Bank of Italy	10.45	10.45	10.45
Bank of Japan	10.45	10.45	10.45
Bank of Korea	10.45	10.45	10.45
Bank of China	10.45	10.45	10.45
Bank of India	10.45	10.45	10.45
Bank of Australia	10.45	10.45	10.45
Bank of New Zealand	10.45	10.45	10.45
Bank of South Africa	10.45	10.45	10.45
Bank of Argentina	10.45	10.45	10.45
Bank of Brazil	10.45	10.45	10.45
Bank of Mexico	10.45	10.45	10.45
Bank of Chile	10.45	10.45	10.45
Bank of Peru	10.45	10.45	10.45
Bank of Colombia	10.45	10.45	10.45
Bank of Venezuela	10.45	10.45	10.45
Bank of Ecuador	10.45	10.45	10.45
Bank of Bolivia	10.45	10.45	10.45
Bank of Paraguay	10.45	10.45	10.45
Bank of Uruguay	10.45	10.45	10.45
Bank of Cuba	10.45	10.45	10.45
Bank of Haiti	10.45	10.45	10.45
Bank of Dominican Republic	10.45	10.45	10.45
Bank of Guatemala	10.45	10.45	10.45
Bank of Honduras	10.45	10.45	10.45
Bank of Nicaragua	10.45	10.45	10.45
Bank of Costa Rica	10.45	10.45	10.45
Bank of Panama	10.45	10.45	10.45
Bank of El Salvador	10.45	10.45	10.45

Bank	Rate	Term	Notes
Larger Loans			
Bank of Scotland	10.45	10.45	10.45
Bank of Ireland	10.45	10.45	10.45
Bank of Wales	10.45	10.45	10.45
Bank of Cyprus	10.45	10.45	10.45
Bank of Greece	10.45	10.45	10.45
Bank of Spain	10.45	10.45	10.45
Bank of Portugal	10.45	10.45	10.45
Bank of France	10.45	10.45	10.45
Bank of Germany	10.45	10.45	10.45
Bank of Italy	10.45	10.45	10.45
Bank of Japan	10.45	10.45	10.45
Bank of Korea	10.45	10.45	10.45
Bank of China	10.45	10.45	10.45
Bank of India	10.45	10.45	10.45
Bank of Australia	10.45	10.45	10.45
Bank of New Zealand	10.45	10.45	10.45
Bank of South Africa	10.45	10.45	10.45
Bank of Argentina	10.45	10.45	10.45
Bank of Brazil	10.45	10.45	10.45
Bank of Mexico	10.45	10.45	10.45
Bank of Chile	10.45	10.45	10.45
Bank of Peru	10.45	10.45	10.45
Bank of Colombia	10.45	10.45	10.45
Bank of Venezuela	10.45	10.45	10.45
Bank of Ecuador	10.45	10.45	10.45
Bank of Bolivia	10.45	10.45	10.45
Bank of Paraguay	10.45	10.45	10.45
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Bank of Guatemala	10.45	10.45	10.45
Bank of Honduras	10.45	10.45	10.45
Bank of Nicaragua	10.45	10.45	10.45
Bank of Costa Rica	10.45	10.45	10.45
Bank of Panama	10.45	10.45	10.45
Bank of El Salvador	10.45	10.45	10.45

Bank	Rate	Term	Notes
Other (Finance House)			
Bank of Scotland	10.45	10.45	10.45
Bank of Ireland	10.45	10.45	10.45
Bank of Wales	10.45	10.45	10.45
Bank of Cyprus	10.45	10.45	10.45
Bank of Greece	10.45	10.45	10.45
Bank of Spain	10.45	10.45	10.45
Bank of Portugal	10.45	10.45	10.45
Bank of France	10.45	10.45	10.45
Bank of Germany	10.45	10.45	10.45
Bank of Italy	10.45	10.45	10.45
Bank of Japan	10.45	10.45	10.45
Bank of Korea	10.45	10.45	10.45
Bank of China	10.45	10.45	10.45
Bank of India	10.45	10.45	10.45
Bank of Australia	10.45	10.45	10.45
Bank of New Zealand	10.45	10.45	10.45
Bank of South Africa	10.45	10.45	10.45
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Bank of Mexico	10.45	10.45	10.45
Bank of Chile	10.45	10.45	10.45
Bank of Peru	10.45	10.45	10.45
Bank of Colombia	10.45	10.45	10.45
Bank of Venezuela	10.45	10.45	10.45
Bank of Ecuador	10.45	10.45	10.45
Bank of Bolivia	10.45	10.45	10.45
Bank of Paraguay	10.45	10.45	10.45
Bank of Uruguay	10.45	10.45	10.45
Bank of Cuba	10.45	10.45	10.45
Bank of Haiti	10.45	10.45	10.45
Bank of Dominican Republic	10.45	10.45	10.45
Bank of Guatemala	10.45	10.45	10.45
Bank of Honduras	10.45	10.45	10.45
Bank of Nicaragua	10.45	10.45	10.45
Bank of Costa Rica	10.45	10.45	10.45
Bank of Panama	10.45	10.45	10.45
Bank of El Salvador	10.45	10.45	10.45

OTHER (FINANCE HOUSE)			
Landington Mortgage	14.45	£25,000K	95
0595 450046			Rate held to 1.10.99
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Long Price, Liverpool L85 3SS			
01-557 4422			
ROYAL SHIELD FUND	653.3	690.0	-56.6
Indegred	Chng	Yld	
Long Price, Liverpool L85 3SS	476.6	504.9	-7.0
01-557 4422	316.7	333.4	-5.1
ROYAL SHIELD FUND	653.3	690.0	-56.6

EC life policies offer few benefits for UK

By SARA MCCONNELL

BY THE end of this year, British residents will be allowed to buy life insurance from any life company in the European Community as long as they approach the company direct, and on their own initiative.

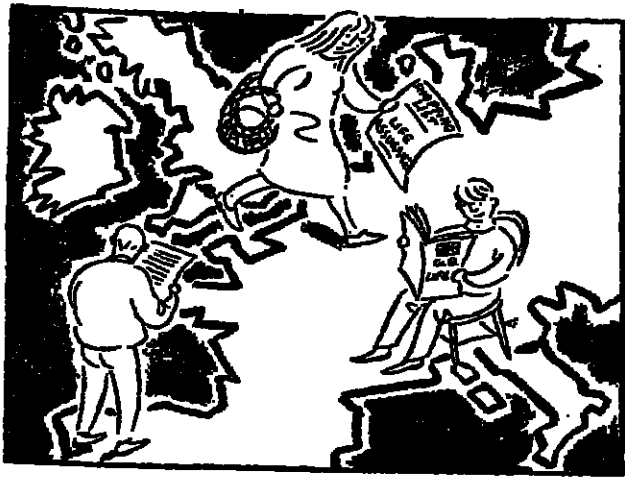
This is the first step towards a free market in buying and selling life insurance across community borders. By 1993, Britons should be able to shop around for the policies offering the best returns and most competitive premiums, while companies will be allowed to market policies throughout the community. But at the moment there are few good reasons for British people to look abroad for life insurance.

A survey by Bacon and Woodrow, actuaries, carried out for the Association of British Insurers (ABI), shows the rate of return on even an average or below average British with-profits insurance policy is better than that of its EC rivals.

British policies score particularly well over ten and fifteen years, with real returns, after inflation, of 8.2 per cent and 4.6 per cent respectively from the best performers. West German endowment policies come second with returns of 6 per cent and 4.5 per cent.

Duncan Ferguson, a partner in Bacon and Woodrow, said: "The figures show that British policies offer the best returns and are good value for money. Any British consumer considering taking out a German policy, for example, would have done better with a British one."

British life companies are



starting to develop links with their European counterparts to offer consumers the option of non-British policies, but they admit there is unlikely to be much take-up. Friends Provident announced in March that it would be making with-profits endowments from Gothaer, the German mutual insurer, available on request.

But Keith Satchell, general manager, products and international, at Friends Provident, said: "There is not much of a market for UK consumers. Life companies across the continent are generally conservative and do not have the investment expertise of their British counterparts. With-profit endowments are mostly backed by government bond investment."

Other insurers agree that Britain's relatively liberal investment regulations mean better returns for policyholders. Insurance companies in Belgium, France, Germany,

Denmark and Italy all have to invest heavily in government bonds and low risk fixed interest stocks, which give dependable but unexciting returns.

British companies do not have such restrictions on their investment portfolios and, consequently, invest heavily in equities.

Unspectacular returns coupled with the inconvenience of taking out a foreign endowment policy — policy documents in a foreign language, extra bank charges for converting the premium into the relevant currency — make foreign endowments appear unattractive.

British policyholders will also find themselves paying tax on the proceeds of a foreign endowment because the Inland Revenue will not accept these as qualifying policies. Most British endowments are qualifying policies and policyholders take the proceeds tax free if the policy

had been in force for at least ten years. British life companies pay tax on the income and gains in their funds so policyholders are taxed indirectly during the term of their policy.

Another important consideration is that, at the moment, foreign endowment policies are not covered by the Policyholders Protection Act. This guarantees policyholders the return of 90 per cent of their premiums if the insurance company goes into liquidation but only British insurers are covered by the act.

But British investors buying property abroad with a mortgage in local currency could consider taking out an endowment in the same currency. A debt is better protected by an insurance policy in the same currency to guard against currency fluctuations.

David Thompson, managing director of John Charcol Financial Planning, the independent financial adviser, said: "If a client has chosen a foreign currency mortgage, there is a strong case for having the endowment in the same currency." But he added that buyers would only benefit if part or all of their income was also in the foreign currency, otherwise the advantage would be cancelled out by the risk.

It seems more likely that foreign policyholders will buy British endowment policies than the other way around, at least in the short term. Countries will have to relax their investment restrictions and work out a unified tax and compensation system before the Euro-endowment becomes a reality for more than a handful of people.

Covering the cost of a dispute

OBTAINING legal redress in consumer disputes can be much more expensive than people expect, even if the combatants manage to settle out of court and do little more than exchange heated solicitors' letters.

One way of making sure that vast bills are not incurred is to pay an extra premium on top of basic household insurance for legal expenses cover, as Basil Patterson discovered when he had problems with the new fitted kitchen he bought in January last year.

"We bought the kitchen in January from a well-known company and it was actually installed in March. When we attempted to use it, the oven overheated and we called the gas board in. We were lucky that the whole kitchen hadn't caught fire. The area behind the oven was all burnt," said Dr Patterson, a company secretary from Chiswick.

The gas board's attempted repairs did not prevent the built-in oven from overheating again and three weeks later the gas board condemned the oven and disconnected it, charging £50 for the service.

The installers, who were sub-contracted by the kitchen fitting firm, had covered the hot air vent from the oven with a piece of wood, causing heat to build up. They had also wired up the electricity incorrectly. "We were left with a brand new kitchen but no cooker," said Dr Patterson.

He had paid an extra premium of £47.50 for legal expenses cover on top of his home contents and building insurance from Barclays. The personal legal expenses policy, underwritten by Allianz Cornhill, supplies a legal helpline, which put Dr Patterson in touch with a specialist solicitor.

When demands for redress within 14 days were ignored



Rule of law: Dr Basil Patterson would not have taken the matter up with a solicitor

by the kitchen fitting firm, Dr Patterson was advised to contact his own solicitor. People who do not know a suitable solicitor will be supplied with one by the legal expenses insurer.

After a continuing silence from the kitchen fitters, apart from an acknowledgement that the letter had been received, Dr Patterson's solicitor threatened court action.

This frightened the kitchen fitters enough for them to re-install the gas cooker correctly at no charge and pay back the £50 Dr Patterson had to pay to have the cooker disconnected.

"Without legal expenses cover it would have cost us a lot of money and I probably wouldn't have risked taking it up with a solicitor, possibly having to go to court," said Dr Patterson, who estimated the incident would have cost him around £600, including re-

pairs to the cooker, damage to worktops and solicitors' letters.

Although Dr Patterson's dispute never got to the court, the costs he did incur made the extra premium for legal expenses cover worthwhile. Comprehensive legal expenses cover like Dr Patterson's costs between £50 and £80 a year.

This will cover most eventualities such as consumer and employment disputes, prosecution for motoring offences like speeding, and neighbour or landlord conflicts.

Basic legal expenses cover, consisting of a free 24-hour advice helpline, is sometimes included in a contents policy, but slightly better cover costs an extra £5 to £10 a year on top of the cost of a household policy. For example, DAS Legal Expenses' Consumer Cover policy offers a legal helpline and cover for con-

sumer disputes for £7 a year. This can cover potentially expensive items like the cost of calling expert witnesses and tracking down documents, as well as solicitors' costs.

Paul Asplin, business manager at DAS, said: "People underestimate how much going to court will cost. For example, we have a right of access dispute case which is in its early stages and has, so far, cost £4,000 including preliminary enquiries, checking title deeds and so on."

James Paitner, assistant marketing manager (legal benefits) at the Legal Protection Group, said: "Routine consumer disputes can be solved for £100, but one hour of a solicitor's time ranges from £75 to £200. A solicitor's letter can cost anything up to £200 and pursuit of damages or personal injury claims can run into thousands."

BRIEFINGS

■ A PERSONAL equity plan with a choice between unit trusts and investment trusts as the base investment is introduced by Gartmore Investment next week. Gartmore's Pep strategy has three options. The tax-free income plan and tax-free growth plan both use Scottish National Trust, the split-capital investment trust managed by Gartmore Scotland. The tax-free balanced

plan uses Gartmore unit trusts.

■ BLACK Horse Financial Services, the Lloyds Bank subsidiary, starts its Guaranteed Capital Bond on Monday. A bond can be bought for £3,000 or more with a guarantee that at least the initial investment will be repaid at the end of five years. The bond is split, with 65 per cent invested at a fixed and 35 per cent going into up to ten funds in the Black Horse range.

■ YOUNG investors will be lured through two new accounts at the Royal Bank of Scotland. Route Seventeen for 14-17 year olds and Cash Club for 9-15 year olds pay interest gross, currently 10.5 per cent. Route Seventeen has a cash card allowing cash dispenser withdrawals up to £50 a day.

■ PARENTS wanting to know what kind of education they are buying for their children can now have access to data on topics such as which schools have the best academic record. Prolife Life and Pensions offers the technology link-up for clients using Headstart, Prolife's school fees scheme.

■ A CHOICE of com-

pounded monthly interest at 12.52 per cent and monthly income or annual interest at 11.85 per cent is available on the Special 85 account at the Norwich and Peterborough Building Society. The offer closes at the end of August.

■ REED International, the publisher, is introducing a corporate personal equity plan for its shares. It has also negotiated a reduced dealing commission on its shares of 1 per cent, with a minimum charge of £10 per transaction, with its brokers Cazenove. Directors propose to allow shareholders to accept more shares in lieu of dividends for the current financial year.

■ OVERSEAS Gold Bond, a one-year offshore account, has been reintroduced by Leeds Permanent Building Society. It pays 15 per cent gross on a minimum investment of £10,000. No withdrawals are allowed for a year.

■ A VARIABLE interest rate mortgage at 14.25 per cent is on offer from First Mortgage Securities. The interest rate will remain in force unless mortgage rates fall generally, when it will be reduced in line with the market.

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Portfolio PLATINUM

For readers who may have missed a copy of The Times this week, we repeat below the week's Portfolio price changes (today's are on page 41).

Share	Mon	Tues	Wed	Thurs	Fri	Sat	Sunday
1	+8	+5	+6	+4	+2		
2	+4	+3	+3	+3	+4		
3	+7	+3	+5	+2	+3		
4	+8	+5	+7	+2	+2		
5	+7	+2	+6	+1	+2		
6	+4	+1	+4	+3	+3		
7	+6	+1	+5	+5	+5		
8	+9	+4	+6	+3	+1		
9	+7	+2	+5	+3	+1		
10	+6	+2	+6	+8	+3		
11	+6	+1	+3	+5	+3		
12	+8	+3	+5	+3	+2		
13	+6	+1	+4	+5	+4		
14	+5	+3	+2	+4	+4		
15	+8	+5	+7	+3	+2		
16	+6	+3	+4	+2	+2		
17	+7	+6	+6	+3	+3		
18	+7	+4	+4	+2	+3		
19	+4	+1	+3	+5	+4		
20	+6	+4	+8	+2	+1		
21	+7	+2	+4	+1	+3		
22	+4	+2	+2	+4	+6		
23	+5	+1	+3	+7	+3		
24	+4	+1	+3	+4	+3		
25	+9	+5	+8	+4	+2		
26	+8	+3	+5	+3	+3		
27	+5	+1	+5	+6	+5		
28	+5	+1	+3	+4	+3		
29	+8	+4	+7	+4	+2		
30	+4	+2	+4	+5	+5		
31	+8	+4	+4	+2	+2		
32	+4	+2	+2	+3	+4		
33	+5	+1	+3	+6	+3		
34	+7	+5	+6	+3	+2		
35	+7	+4	+7	+3	+1		
36	+5	+2	+4	+5	+3		
37	+5	+3	+2	+4	+5		
38	+5	+1	+3	+6	+5		
39	+6	+4	+6	+1	+1		
40	+5	+1	+3	+6	+3		
41	+9	+6	+6	+2	+3		
42	+7	+2	+6	+2	+1		
43	+5	+2	+4	+5	+4		
44	+4	+2	+4	+5	+3		

Young encouraged to use dispensers in place of cheques

By PETER BROWN

BANKS and building societies are trying to encourage more young people to use automatic dispensing machines as personal signatures cause growing frustration.

A flood of new accounts aimed at school leavers and other teenagers have been unveiled this summer, and the resulting boom in the market for young savers has augmented the swing to automated banking.

The opening of accounts has proved embarrassing for some young people when they have tried to make a withdrawal. Their signatures, which change as part of the growing up process, have not been accepted by counter staff at some major banks and building societies.

These financial institutions are playing down the problem. They say the use of automatic dispensers is a good way around the trouble.

With this in mind Barclays launched a scheme last year that, it says, avoids any need for having to sign for cash.

A spokesman said: "We now run accounts for young people which don't have cheque books. We launched a scheme last year of particular use to young people, giving them access to a Barclays cash dispenser."

"It simply means that with a card they can make withdrawals at the machines without having to sign for anything."

Fully recognising signatures change during teenage years, Lloyds Bank have introduced a range of accounts for young people.

A spokesman for the bank said it has different kinds of accounts that are age banded. As a customer develops from one type of account to



another, a new signature is required.

"A separate set of documents is compiled as they mature, as signatures are very different between the ages of seven and twenty-one," he said.

But he denied any major problem with young people's signatures, and if there was it "would be at branch level".

It is at branches of Abbey National that some young account holders have run into difficulties. However, the bank says these should diminish with time.

"I imagine it's been more of a problem in the past, but now all young people over 14 get a cash card," said a spokesman.

"The problem of a varying signature does occur but we can always get round it."

"By having cards, our young customers don't have to worry."

The National Union of Students says that cash dispensers have eased the problem considerably, but it is critical of the low amounts that can be withdrawn.

However, Mr Tim Walker,

an NUS spokesman, admits that he has had difficulties with his signature in the past.

"I went to make a withdrawal on a Post Office savings book I had not touched for eight years. After all that time they discovered I had started to use joined-up writing," he said.

"Many of these dispensers accounts have a very low limit. The cash is restricted to somewhere below the YTS allowance."

One less than satisfied customer is Dean Brown, aged 18, an assistant retail manager in London, who suffered the embarrassment of being singled out in front of a crowd of fellow customers.

Mr Brown said: "In front of a large queue of customers they made me feel very small indeed that my signature had changed. I was very embarrassed and felt very intimidated."

"My own customers around my age are daily telling me of embarrassment in banks and building societies because their signatures have changed."

Shareholders delay on water payment

By RODNEY HOBSON

WATER shareholders are hanging on to the last minute before sending off the second instalment on their holdings. Nearly half have still failed to pay the 70p a share - or 60p up to 1,500 shares for those entitled to the customer discount - although the deadline is Tuesday.

Marketmakers claim some shareholders who tried to sell through their banks as the second call became due were discouraged in order to curb the administrative burden. Dealing was heavy just before the July 23 deadline for selling without having paid the instalment.

Share sales in Thames averaged four million a day, in Severn 1.5 million and in Anglia more than one million. However, Chris Jellings at Schroders, financial advisers

on the water privatisation, said he was not aware of any problems in share dealing and National Westminster Bank, registrar for four water companies, also denied there was any backlog.

Shareholders who have not received their notice to pay should ring the helpline: 0272 359953 for Thames, Welsh, Wessex and Yorkshire and 021 633 3033 for the others.

Shares can no longer be sold without the second call being paid. Investors who sold their shares earlier but who received a payment notice should pass the notice to their stockbroker or bank.

If the shares were held by someone who has died, the executors of the estate or any joint holder should pay the second call with a letter of explanation to the registrars.

Screen dealing service starts in gas shares

By BARBARA ELLIS

STOCKBROKERS at National Westminster Bank have launched a screen-based and postal dealing service for British Gas shares, on commission terms it claims are attractive.

Touchscreen dealing will be available in 270 NatWest branches. Non-customers will be asked to produce two items of identification with evidence of their signature and address as well as the share certificate. Payment for shares sold is not immediate: the bank sends a cheque on the stock exchange settlement date.

NatWest's commission rate is 1 per cent with a minimum charge of £17.

And for the next year NatWest will be running a postal dealing service in British Gas shares charging 1 per cent commission with a minimum charge of £11.

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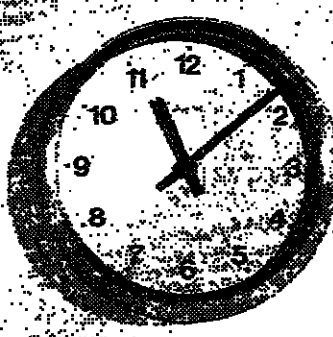
This is because the interest rate is set to reflect money market conditions. (These change, of course, so you can check the going rate at Halifax branches.)

And once your rate is agreed, it's fixed for the full term of the deposit.

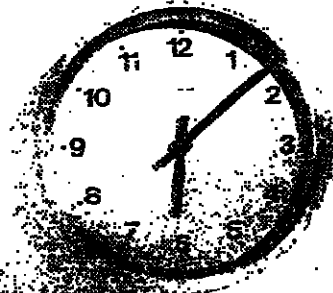
What's more, interest is paid gross, which can make this a very tax-efficient investment now that husbands and wives are assessed independently.

As for the term itself, that's entirely up to you; any period from one month to a year. (With the option of reinvesting the capital or capital and interest.)

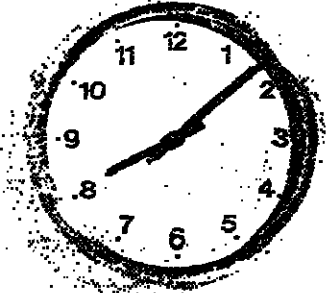
If you'd like to talk more about Time Deposits, why not call into your nearest Halifax branch? It's your open door to a very rewarding return.



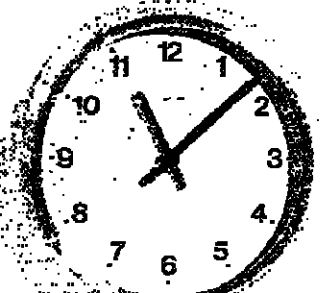
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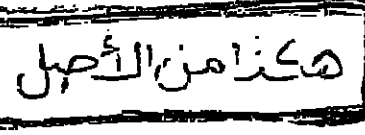
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WEEKEND MONEY

LETTERS

Into action in the junk mail war

From Mr Maurice Michaels
Sir, I stopped complaining and did something! (Junk mail tops list of data complaints, Weekend Money, July 21).

Two and a half years ago, at the end of a year's collection of junk mail (142 items received), I completed a "direct mail" postcard attached to the Mailing Preference Service pamphlet.

Within three months I was off all the mailing lists and this continues to date.

I enlisted the aid of the local television news on TV5 and the outpouring of letters from banks, insurers and other financial institutions (mainly) ceased.

I also returned all the reply-paid envelopes with their own literature showing my name and address asking them also to "remove my name from your mailing list."

These MPS pamphlets were then available from the Post Office. I can only suggest that the re-print/revision MPS

says is being done will be placed in Post Offices. Filling in a freepost postcard as attached to this pamphlet, would be easier for most people than writing a letter, as you suggest. It would prompt many more to take this easy way to eliminate junk mail.

None of this unwanted and unasked for mail was read by me. In my opinion it constitutes a considerable strain on Post Office resources, greedy though it is for the revenue.

It is a major reason for mail delays in general, which is much to the annoyance of both business and private users of the Post Office facilities.

Doing something does work!
Yours sincerely,
MAURICE MICHAELS,
21 Veric,
16/18 Eaton Gardens,
Hove,
East Sussex.
July 23.

'Return to sender' works — eventually

From Mr M Shaw
Sir, I have read some correspondence in the Saturday edition concerning the problem of receiving unsolicited mail.

This is a real invasion of personal privacy and many people may be grateful if you would make known to them the one way this can be

stopped. The golden rule is always to return the mail writing on the envelope "return to sender — do not send any more unsolicited mail". After a while, it does work. I do hope you will pass this advice on to your readers.

Yours faithfully,
M SHAW,
July 19.

Direct debit vs standing order dilemma

From Mr Keith Francis
Sir, I refer to the continuing correspondence concerning the banks' and direct debits and standing orders.

This year the local council, Mole Valley, gave us the choice of paying the Community Charge by either a direct debit or a standing order. Although I had been a satisfied user of direct debits for many years I had not experienced any difficulty with them until I first encountered this council two years ago.

The variable direct debit for the general rates on our property was applied at a wrong, albeit slightly higher amount, than it ought to have been, without any advice. As the bank is, to my knowledge, unaware of the likely sums to be debited under this system, I wrote to the council and received a refund for the overpayment. But, no sooner had I done so than I received an advice that the payments for the remainder of the term would be at a higher level to recover the refund!

I did not at the time contact the bank, as I do not consider the rule, that banks should be liable for any incorrect application of a variable direct debit, is proper. If a bank is unaware, in advance, of the sums to be applied under this type of direct debit, why should they be held responsible for the mistakes of another person, namely the originator who puts into effect the direct debit authority?

My wife has had two problems with variable direct debits. In the first case her



GED

instalment for May I was also returned on 9 May. After receiving a bank statement I then contacted our bank, who spoke to Mole Valley District Council and passed on the explanation to me.

The reasons for the failures of the standing order to be applied, were (a) the council had issued a standing order form for an account that had not yet been opened and (b) the revised instruction sent to the bank referred to an old account which had by then been closed, in anticipation of opening the new account.

The council have since opened what should have been the original account and payment is now proceeding normally.

You will realise that these experiences leave me not knowing, for the future, which method of payment can be relied on.
Yours faithfully,
KEITH FRANCIS,
51 Sole Farm Road,
Great Bookham, Surrey.
July 21.

Regulatory bodies raise drawbridge on Castlegate application

From Mr R.J. Wharton
Sir, Re: Watchdog looks closer into investment that never was.

As the founder and Director of Castlegate Securities Limited I would like to make it clear that in my own opinion a business of the type carried on by my company ought to be regulated by one of the regulatory bodies. It is my belief that Fimbra should be that body.

In 1987 we made a formal

application for membership. The application was not passed to the Membership Committee because it was generally considered by Fimbra that the business we undertake does not fall within the scope of Fimbra regulatory activities.

We instructed our solicitors in 1988 to establish whether we could register with one of the other regulatory bodies. The Securities and Investments Board advised our so-

licitors that they did not consider our business to fall within the ambit of the Act and would therefore refuse any application for authorisation.

Would it be possible for me, through your letters column, to make this point?
Yours faithfully,
R.J. WHARTON,
Castlegate House,
79 London St.,
Reading, Berks.
July 25.



GED

Prudent people prefer to pass by the Porsche profiteers

From Mr W.T. Hutton
Sir, Weekend Money (July 21) announces that higher rate taxpayers are losing out in cautious approach to investment, preferring the relative safety of the building society.

I would suggest the loss may be more apparent than real for many, not only to higher-rate taxpayers. The person in the Metro might be said to be prudent as well as cautious in not entrusting much to the person in the Porsche. Since

loose regulation is seemingly preferred, is it hardly surprising that a continual recital of sharp practice influences us? The favoured security of our banks and building societies is probably based on generations of fair dealing to customers and fair rewards to staff.

In an atmosphere where one increasingly feels that the liberty of the majority is being exchanged for the licence of the few, there is a long hard road for some to follow before

confidence can be created.
Yours faithfully,
W.T. HUTTON,
8 Sutherland Avenue,
Peters Wood,
Orpington, Kent.
July 21.

Letters are welcomed, but The Times regrets it cannot give individual replies or advice. No legal responsibility can be accepted for advice or statements in these columns and independent professional advice should be sought.

Insurance values

From Mr J.F. Allison
Sir, Your article "Breaking the tie of Societies on house insurance" (July 14) was interesting. However, with reference to the Hottens, it would appear the annual premiums quoted are calculated using open market value. An important distinction should be drawn between open market and insurance value.

Open market value is the price at which a property would sell at a given time, with a willing buyer and willing seller. This always includes the land upon which the property stands.

Alternatively, the value of a property for insurance purposes, is based purely upon the cost of rebuilding the property (including fees). No account of land value is taken.

There is therefore often a very great difference between the two, particularly when the land value forms a large proportion of the total value.

Thus homeowners should consider not only seeking competitive quotes for insurance, but also ensure that they are insuring their property for the correct amount, i.e. for the insurance value, not the open market value.

The major insurance companies issue clear guides to policy holders, so that the value for insurance may be accurately calculated. However if the homeowner prefers, I am sure a firm of chartered surveyors would undertake a valuation for a fee.

Yours faithfully,
J.F. ALLISON,
7 Orways Close,
Potters Bar, Herts.
July 14.

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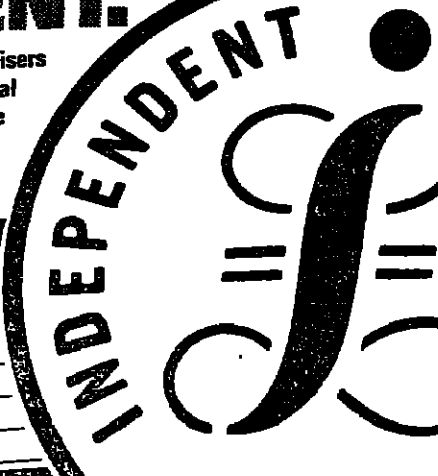
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As you are reading the personal finance pages of *The Times*, the chances are that you are already fairly knowledgeable about the range of investment products on offer in the UK. You will probably know that private investors in this country have a wider range of choice of products, and generally benefit from keener competition amongst suppliers, than in any other European country.

Although it can sometimes lead to a cutting of corners, I am sure that such competition is generally a very effective way of protecting the interests of investors.

But it is not a sufficient protection on its own, at any rate for private investors, and you may also be aware that, for over two years, investment business in the UK has been regulated by a group of investor protection watchdogs, with the Securities and Investments Board (SIB) playing a co-ordinating role. Those who, for their various reasons, dislike or distrust what the regulators are doing, often describe us as "nanny". The responsibility for your

investments ultimately lies with you.

Our job is to create a framework within which acceptable and appropriate business behaviour is clearly defined. And it is our job to pursue those who, either through incompetence or fraud, act outside this framework.

We have spent a good deal of time over the last two years in establishing a clear and workable set of rules. We have tried to do this by ensuring that competition is complemented as far as possible by provision for good disclosure, on the grounds that letting daylight into the scene is an excellent means of reducing obfuscation and concealment and of helping investors to make informed judgments. Equally, however, we have to avoid information overload. And some areas, like product illustrations and cold-calling, inevitably call for specific regulatory restriction.

We have differentiated between the level of protection for individual investors and the level

Self-defence for the investor



COMMENT

By DAVID WALKER
CHAIRMAN OF SIB

needed for professional investors better able to look after themselves. With more than 28,000 firms now authorised, we are increasingly turning our scrutiny to the ongoing activities of firms, and pursuing those who are either not giving the level of service that we are trying to promote or, at the worst, engaging in fraud.

Net tightens

This effort is having its effect. You may have noticed, for example, a recent crop of cases where we have taken action against alleged unauthorised trading. These cases reflect what I

hope, is a tightening of the net around those who are illegally trading and are, in effect, robbing Peter to pay Paul. And, quite apart from action being taken against fraudsters, we have also put in place the investors' compensation scheme to reimburse investors who lose their money when firms default.

But while we aim to provide cost-effective protection for the private investor, he should be under no illusion. It is not our job to protect people who are foolish or greedy against anything that may occur and at any cost, any more than the existence of the road traffic acts, the highway code and the police absolves any of us from the need to drive

carefully and to look both ways before we cross the road. Time and again at SIB I have seen cases where investors have proved only too willing to believe what has turned out to be the impossible, or to entrust their savings to plausible folk with little or no receipt or record of what they think they are buying.

Here is some specific advice for investors on what they might do to protect themselves, based on cases I have seen at SIB and which crop up over and over again:

- Do not be afraid to ask what might seem stupid questions. If something is not clear, this may be because there is something wrong.
- Make sure that you are handing money over to someone who is authorised to carry on investment business. If in doubt, check with SIB's Central Register (071 929 3652).
- If the investment is at all out of the ordinary, check with the Central Register whether the firm

you are dealing with is actually authorised to do this sort of business.

● Get proof of what you have invested. Do not hand over cash without obtaining a proper receipt.

● Do not give anyone control over your money (whether by entering into a discretionary management agreement or making out a cheque to him) unless you are sure that you can trust him.

● In deciding how much money to place with one firm, be aware that the investors' compensation scheme has a ceiling of £48,000 per investor.

● Keep evidence of your investment and progress of your investment.

● If you receive from overseas a phone call or written invitation to invest, be aware that such investments do not benefit from ICS.

And two Golden rules: first, if something seems too good to be true it probably is and second, when in doubt, shout — that is, complain, first to the firm and then, if you do not get a satisfactory response, to the regulators.

By BARBARA ELLES

TURBULENT times lie ahead for the Investors Compensation Scheme which will have to scale back investors' claims savagely, while asking the financial services industry for its biggest contribution yet.

In its first two years the scheme has paid out £3.6 million to 1,008 clients of failed firms, only one of whom claimed more than £50,000.

There is a £48,000 ceiling on scheme payouts, consisting of 100 per cent of the first £30,000 and 90 per cent of the next £18,000.

But after declaring Dundale Securities officially in default this week, the scheme could face claims totalling £17 million from the firm's 220 clients.

Some clients claim to have invested more than £1 million each.

Even if all the clients are scaled back to the scheme maximum, the compensation bill for Dundale will still come to £10.6 million.

"We cannot chuck money about like confetti," said Eddie Ray, the scheme chairman. "There is no public purse here, no 'they' to pay the bill. It is the efficient firms and their customers who actually pay."

Stressing the scheme's total independence from the Securities and Investments Board (SIB), Mr Ray said it had to strike a delicate balance between investors expecting instant reimbursement and

Compensation scheme feels pressure of heavy payouts

the investment firms writing the cheques who expected the scheme to be "pretty hard-nosed".

The scheme has upset some sections of the investment industry by saying that it will consider claims relating to business done before August 28, 1988, when the scheme came into operation, provided the failed firm concerned was fully authorised at that time.

"If someone comes along and says I bought gilts in 1966 and the firm gave me the impression they still held them in August 1988, provided he thought they were holding them, it does not matter if the gilts were never bought," said Mr Ray.

However, he qualified this by saying that decisions would depend on the quality of the evidence available.

Investors would need proof of payment and documentation such as statements. He confirmed that the scheme

had already paid out in cases where firms thought to hold securities had not done so.

This point was particularly relevant for clients of Dundale Securities, where none of the gilts supposedly bought for clients has been located.

Mr Ray said investors had to be their own first line of defence.

And he offered some hints on self-protection, giving warning that the compensation scheme is "merely the investor's final safety net".

They are: deal only with fully authorised investment businesses; do not give money to a business not authorised to take it; always insist on full documentation or an adequate receipt in return for cash or shares; plus periodic reports on any assets held by a firm; and treat extravagant performance forecasts or guarantees with extreme scepticism.

Unauthorised businesses

are not covered by the scheme. Mr Ray pointed out that the SIB is currently taking action against three businesses operating without authorisation. "But we have no idea how many are out there," he said.

The scheme also provides no cover for business done with appointed representatives or bed agents acting for a single insurance company. And there is no public listing of these representatives comparable to the Securities and Investments Board's central register of authorised businesses.

Mr Ray said that investors would have to check the credentials of an appointed representative with the insurance company concerned and would also have to look to the company for compensation if the representative failed.

There is no procedure for appealing against the decisions of the compensation scheme, though Mr Ray said it had been known to shift its ground on a payment after receiving further evidence from an investor.

"We have not run across many cases where people have in the end not been satisfied with what we have done, save in the difficult area of negligence," he said.

The compensation scheme would only pay out on a civil liability, he added.

A claim against the scheme would not bar the investor from taking court action at a later stage, but nobody would be paid twice for the same loss.

Society looks to high rate shares to retain mutuality

By MARGARET DIBBEN

A CHANGE in the law is required for a new type of savings scheme accepted by members of Nationwide Anglia, the building society, at its annual meeting yesterday.

The scheme, for permanent interest bearing shares (pibs) which will pay a high rate of interest instead of a dividend. But it will be next summer at the earliest before they will be on sale through branches.

Tim Melville-Ross, Nationwide's chief executive, said: "Pibs will be an investment of a fixed sum of money on which a variable rate of interest will be paid. They are not an equity."

"Because the investment is permanent it is non-withdrawable, but that doesn't mean you can't get your money back. We hope to create a market in them through a merchant bank."

Interest will be quoted gross but paid net even to non-taxpayers. Self-certification by non-taxpayers will not be possible, as with shares or unit trusts, they will have to recoup the tax at the end of the year.

"There should not be any capital gain on pibs because the interest rate is variable and, provided this is kept competitive, the value should stay at or close to par."

"Pibs preserve the whole idea of mutuality. But given that we will need additional capital over the next ten years, by doing it this way we do not have to do it by converting, even though that is a very remote possibility," said Mr Melville-Ross.

However, will investors in pibs have a vote at future annual meetings? Not all building society investors are entitled to a vote even now.

But as more societies become involved in mergers, entitling savers to a financial payout, and others consider converting to company status, investors should take more interest in their ability to vote.

Pibs membership rights are identical to existing voting shares with one exception. Normally members must hold their savings for a period of time to qualify for a vote. But



Innovative scheme: Melville-Ross of Nationwide Anglia

as pibs are transferable and difficult to track, investors in them will acquire membership rights immediately.

Mr Melville-Ross said: "The quid pro quo for this additional right is that, by the very nature of the permanent shares, they are subordinated to the bulk of membership and would get repaid last on winding up."

"For this reason we will have to pay a higher rate of interest than the going rate for that sort of money. If we were offering them today we would need to offer a gross yield of 15 per cent or a touch more."

Nationwide does not yet know whether pibs will be covered by the building societies' compensation scheme.

"It ought to be covered since in all respects it is a building society investment. Deposit accounts usually

have that name in their title, so are called treasurers accounts for use by clubs and charities."

But societies take different views on whether their cheques account customers can vote. With the Nationwide and Northern Rock societies current account customers can vote, but at the Halifax and Woolwich they cannot.

Stephen Cockroft, Halifax group secretary, said: "We have deliberately separated investment and deposit accounts over the last few years. Ones we regard as money management accounts — CardCash and Maxim — are treated as deposit accounts while saving and investments are members' accounts. We adopted the distinction knowingly and deliberately."

Since the 1986 Building Society Act, borrowers can only vote in limited circumstances.

Julian Hopplewhite, secretary of the Alliance of Leicester, said: "Borrowers can only vote on resolutions which directly affect them, such as mergers or conversion. The vote to take a stake in Girobank, for example, only involved investors."

Borrowers with a society that is being taken over will vote but those in the society doing the taking over only vote when the bonus being paid involves more than 1 per cent of assets.

At Cheltenham & Gloucester borrowers voted in the Guardian and Bedford mergers but not in the Peckham and Walthamstow ones. Borrowers with unsecured loans have no voting rights at all and neither do customers under 18.

Offshore accounts that societies are starting to open in Jersey, Guernsey and the Isle of Man are deposit accounts so investors have no vote. They are not covered by the compensation scheme either, but investors still have protection.

Ralph Pitman of the Leeds said: "The Building Societies Act which says that if the difficulties then the society cannot wash its hands. It has to support the subsidiary."

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NEW/12

Currency mortgages bounce back

By RODNEY HOBSON

FOREIGN currency mortgages are making a comeback, helped by a strong performance from the pound over the past few months. But a major factor has been the increasing sophistication of financial advisers who are endeavouring to smooth out the currency risk associated with this type of borrowing.

Ian Darby, of John Charcol, said: "We always said when we launched our first foreign currency mortgage in 1988 that it was only product number one. Several changes have occurred since then."

Stages along the way comprised the facility to switch from one currency to another during the lifetime of the loan, borrowing in European currency units, bringing in professional foreign exchange management to handle currency switches and, finally, offering mortgages in a basket of currencies, a service that Charcol and Robert Fraser have both just introduced.

Lenders and brokers are much more concerned these days to prevent a fall in sterling from wiping out any savings from lower interest payments. The policy is to go for the weakest currency rather than the lowest interest rate.

MacIntyre Financial Services in Milton Keynes, Buckinghamshire, has just completed one year of offering a currency mortgage. Its number one priority is to prevent the amount borrowed from rising in sterling terms, followed by providing loans at lower interest rates than those offered in sterling. It then aims to cut the sterling value of the outstanding mortgage, thus adding a capital gain to the interest saved.

It managed to pull the outstanding amount on a £100,000 mortgage down to £99,340 at the end of June, as well as offering an interest rate of 8.83 per cent,

6.75 per cent below the mortgage rate in Britain. Sterling's strength this month has chopped the mortgage down further to £98,400.

Robert Fraser went heavily into yen and got it right. Over 12 months it claims to have reduced debt by 18.8 per cent while maintaining an interest rate differential of 7 per cent.

The past 12 months saw an initial fall in sterling followed by a strong recovery since about year-end. The weakest foreign currency, and therefore the one to have borrowed in, has been the yen. A borrowing of £100,000 in the Japanese currency over the past year would have saved more than £26,000 compared with a sterling mortgage, bearing in mind capital gains and interest rate savings.

Second among major currencies

favouring the borrower was the US dollar, with a saving of £5,000. The mark and the Swiss franc, however, have gained, wiping out most of the benefit of lower interest rates, although the yen has been a useful bonus.

But sterling's strength is a reason for caution.

The possibility of interest rate cuts ahead of the election threaten borrowers in foreign currencies with a double squeeze, with lower savings on the interest unable to offset rising capital debt caused by a falling pound.

Brokers take comfort in hopes that falling interest rates will help to provoke cuts elsewhere. They also say that their increased experience in the market means they can avert a hefty increase in debts.

Ian Smithie, of MacIntyre, said: "There is still money to be made in a falling market. The pound doesn't go straight down or up. It is a case of getting the trends right."

Ian Kaipo, of Robert Fraser, added: "If you have the right professional management, every year is a reasonable year."

Mr Smithie believes that within five years a high proportion of mortgage debt will be in foreign currencies and that mortgages in European currency units will be given a boost when the pound joins the exchange rate mechanism.

He is his company has processed about £20 million worth of currency mortgages but increasing demand means that inquiries totalling £70 million have flooded in recently.

Nonetheless, currency mortgages remain "a very sophisticated market and for that reason will remain for very sophisticated borrowers," according to Mr Darby.



Ian Darby: basket of currencies

مكتبة الأصيل

A changed man at the top of British Land

By CAROL LEONARD

BUSINESS PROFILE John Ritblat

MENTION the name of John Ritblat to anyone who follows the British property market and you will be instantly greeted with a string of emotive but contradictory adjectives. Some complimentary, some not so. Some printable, some best left unsaid.

Ritblat, aged 54, is the chairman of British Land, one of the biggest and most successful property companies in Britain, capitalised on the stock market at £700 million and with net assets amounting to £1.8 billion. He built it up from almost nothing and survived the property crash in the 1970s by the skin of his teeth. Whatever else he is, there can be no doubting he is one of life's great survivors.

"He's ruthless, heartless and no one trusts him. If you shook hands with him on a deal you would have to count your fingers afterwards," said one City analyst. "But he is the sharpest man in British property. And if you walk into a cocktail party and he's there, you know you're going to have a good night. He's good company, great fun, always charming and I like him."

"I simply do the very best I can for my clients," argues Ritblat, who is also senior partner of Conrad Ritblat, the chartered surveyor and estate agent. "And I am extremely ethical. I may be blunt but I'm very straightforward. It's just that business is business and I don't let friendship interfere. Love him or hate him — and there are those who do — there is increasingly one point on which followers of the Ritblat camp and his property empire are inclined to agree: the man has changed. You have to look hard to see it, but he has changed. He still sports the same impeccably-cut suits, the Hermes ties and the carefully manicured fingernails. His body is leaner and fitter than most men half his age, honed by work-outs and almost daily stints on the squash court."

The change that people are starting to talk about was first spotted in the past two years. And now even Ritblat acknowledges it. People noticed he does not arrive at the office much before 10.30am. He used to be known as the man who telephoned eight brokers every day before 8am.

"But I'm always up at sevenish, I read documents, I read the newspapers and I still make lots of telephone calls," Ritblat counters. "I do them from home. I work very peculiarly. I never go to bed before about 1am. I don't need much sleep, only about five or six hours. I'm extremely energetic. There would have to be more than five flights of stairs before I would take a lift."

The home he refers to — there are others in East Sussex and the French Alps — is a magnificent Grade I listed Nash villa, overlooking Regent's Park, furnished with antiques and old masters.

Champagne — Ritblat never drinks spirits, "but give me any sort of wine and I'll drink it", he says — is served in solid silver beakers. An earlier attempt to pour it into glass flutes, before Ritblat's arrival, was swiftly rectified by his housekeeper. "Mr Ritblat doesn't like it served in glasses," she scolded.

The property itself, despite its separate tradesman's entrance and pillared entrance hall, is surprisingly homely. A spaniel called Domino plays in the drawing room with a tennis ball, with total disregard for the furnishings. A honey-bearing beehive has pride of place in the garden. But a copy of *Courtesy Life* shows that another house in the same terrace is on the

market at £2.5 million. Ritblat's house is bigger. The builder's, after all, usually is. And it was Ritblat who rebuilt the entire terrace. With an unerring nose for a bargain, he bought it 26 years ago, when still a bomb site. "It was totally ruinous but I negotiated a new 100-year lease from Crown Estates and spent two years doing it up. I was the only inhabitant in the entire terrace. A lot of my friends thought I was potty."

He went on to do the rest of the terrace. "It had to be entirely rebuilt. There was almost nothing left. But we managed to find some old drawings of what it had been like and we copied them."

But what of that change? Has the hard man of British property gone soft? Is he bored? He is after all the consummate trader, never happier than when negotiating a deal, and with the market as it is, even Ritblat finds it difficult to do deals now. "No," he insists. "I thoroughly enjoy my work, I can do everything I want to do at

'I thoroughly enjoy my work, I can do everything I want to do at British Land. People say that I'm a trader, yet my greatest strengths have been as a long-term investor'

British Land. People say I'm a trader, yet my greatest strengths have been as a long-term investor."

His personal holding has nevertheless dwindled from 40 per cent in the late 1960s and early 1970s to about 1 per cent now. That one per cent is worth just over £7 million, but represents only a fraction of Ritblat's total wealth. "I'm employed by the shareholders as a manager and although I feel very strongly that you should own some shares, you have to remember that it is now a very big company. And good managers will work as hard as they can regardless."

But he admits to a change. "When I was younger I worked 18 or 19 hours a day, dictating to two or three secretaries at once. Of course one notices changes in oneself." But what had brought about this change, I asked. Ritblat hesitates — something he does not do often. He looks just a little uncomfortable. In a four-hour interview I have peeled back perhaps six layers. But Ritblat's mind is like an onion: there are at least another six still to go. It is often said of him that even his wife — Jill, his second — doesn't really know him.

"Alright," he said eventually. "If we're going to call a spade a spade. My wife died... and apart from the fact that I had three children to bring up... I had to do everything for them. I loved doing everything for them, but I had known her all my life... He trails off. Normally so lucid, he can't find the right words. He isn't heartless after all.

Ritblat has laboured under the charge of being ruthless and unemotional since 1979, when his first wife Isabel fell to her death from their private

executive jet as it was coming into land near Watford. It was front page news. Whether he likes it or not, it is one of the first things people allude to when you mention his name.

I had been warned that if I raised the subject, he would simply leave the room. Yet he raised it himself. He really has changed, and the roots of change date back 11 years.

"When something like that happens it changes your perspective on life, you value your relations a lot more," he says, regaining his composure, and rapidly re-sealing those inner layers of the onion. "For years I was perennially late for the ballet, now I turn up on time, pleased to be there."

"I am never happier than when I am doing something with my children," Ritblat says. The son of a Hampstead dental surgeon, he had a happy childhood. The eldest of two children, he was evacuated to the West Country during the war, and returned to Hampstead for his private education. His mother is now an octogenarian, but his father died seven years ago. "We were very close. But he was nicer than I am, far more tolerant and easy going."

Both of Ritblat's sons now work for British Land. Nick, aged 28, joined three years ago from SG Warburg, where he was a corporate financier. He

towards those who blocked the scheme. He describes the institutions as "inert — fine as long as you're dealing with the top man" and when it comes to analysts, he says: "When I meet them I like them, but if they had my talent they would be doing my job." No one could disagree.

Putting such disappointments aside, the day-to-day business of British Land continues and Ritblat has been buying property — £270 million of it in the last nine months. "Don't forget I lived through the property crash of the 1970s and the one thing I learnt is that you have to sell when the market is on the way up, and buy when it is on the way down. You must discipline yourself to do that."

Indeed he believes that it will fall further. It will require a reduction in interest rates of at least 3 per cent to breathe any life back into the residential market. "But once rates start to come down it is surprising how far they can fall, how fast." In the interim however, he warns: "It wouldn't take much for prices to fall perhaps another 5 per cent." The best buys now are land banks being sold off by over-stretched housebuilders. But the real bargains will come just after the market has turned up. "That's when the banks will start putting on the real pressure, so that after months of paying huge interest bills, the forced sellers will be doubly crucified. They won't be allowed to benefit from an increase in values."

The commercial market, which is where his real expertise lies, is, he says, in a far worse predicament. It lacks the natural forces of momentum that will always bring about some movement in the housing market. "People will go on getting married, having babies and dying — forcing houses to be bought and sold. The effect of oversupply may last far longer in the commercial market than in residential. Investors in the commercial sector don't have to buy. They must be able to see some upside. There is no point in them accepting perhaps half the yields in the bond market or from cash deposits."

His disrespect for the City dates back many years. And it is ironic considering he almost became a broker. "An aunt left me a few thousand pounds when I was still at school. She got her stockbroker to invest it. What started off as pocket money eventually became an income. I got to know the broker and he offered me a job. I had an uncle, Dudley Samuel, who was a well-known property man, and I had lunch with him to tell him about this marvellous job offer I'd had. But he told me I was crazy. We walked down Bond Street and there were gaps everywhere, from the war. He said that there would be a building boom, that London wouldn't be left like it was. He said if I became a broker I would never learn anything about property, but any fool could buy and sell stocks and shares."

Ritblat's property career thus began, as an office boy for a surveyor at the age of 17, on £2 10s a week.

As he reminisced about the old days, the guards came down and I asked him if he was really as thick-skinned as everyone assumes. "I'm superficially immune to the slings and arrows, but underneath I'm extremely sensitive. We all get up in the morning and put our armour on, don't we?" That is as may be, but most people take it off again at night. Ritblat, it seems, simply adds layer after layer.

He is characteristically blunt in assessing his feelings

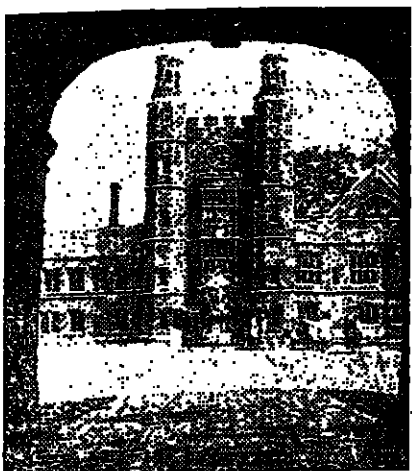


More time to relax: John Ritblat and Domino on the terrace of his Regent's Park home

Charity on the playing fields

CAPITAL CITY

From JOE JOSEPH IN TOKYO



With an eye to the future: Eton College see the advantages, both corporate and social, of keeping in with the locals. America, home to a great deal of Japanese investment, has benefited hugely from Japanese generosity. Britain, the most welcoming host to

FEW corporate sponsors like to think they are just kissing their cash goodbye and will never reap any reward for their generosity. But few are as refreshingly candid as some Japanese benefactors in tabulating the returns.

Sumitomo Trust and Banking, one of Japan's financial heavyweights, appears to have studied the school ties of several British cabinet ministers before agreeing to stump up £1 million to sponsor Japanese studies at Eton College. Its researchers concluded that much is still decided on the playing fields of Eton.

"Eton has educated many of your country's leaders and many of those future leaders will very likely play an important role in financial services and foreign affairs and maybe in the arts," says Yoshihiro Hitoki of Sumitomo.

Mr Hitoki, manager of the bank's strategic planning division, which made the decision to end Eton's search for a wealthy sponsor, says it is not quite like a cold-blooded profit-and-loss account but everyone is aware of the potential benefits of such deals.

Japanese business organisations such as Keidanren, Japan's equivalent of the Confederation of British Industry, have been urging Japanese companies and to a bigger role in local communities and to donate to charities in areas where they have overseas subsidiaries. They call it "good corporate citizenship", although Japanese companies are not the first to

Japanese investment in Europe, is also finding it easier to tap Japanese cash for a range of projects, from new art galleries to educational trusts.

"After receiving a request from Eton for an endowment, through a Japanese university professor who has a close relationship with Eton, we studied its merits and the possible impact of that endowment, that is, what benefits we could enjoy, and we decided to make a donation to Eton," says Mr Hitoki.

"One benefit is the improvement of Anglo-Japanese relations. Also, if we contribute part of our profits to the improvement of educational institutions we could expect that our company's public image will improve. We could raise the awareness of Sumitomo Trust among the British people and that would help us to attract the top quality staff we need to operate well in the UK. We would like to think we can expect that kind of effect from this donation."

"But also, if we make donations to established institutions like Eton, then the graduates of those institutions could treat us favourably in very many things that might happen in the future."

Graduates of any school have a favourable view of their school and if Sumitomo Trust is associated with that school they will have a favourable view of Sumitomo Trust. For example, one of the graduates of Eton College is the governor of the Bank of England."

And so, of course, is Nicholas Ridley. Oh dear.

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THE cost of divorce has soared to more than £1.4 billion a year, equivalent to £27 million a week. The loss in time and efficiency to companies is now estimated at £5,000 per year for each individual.

But the burden of broken family life falls heaviest on the government. It has to pay out £805 million in income support, £320 million in housing benefit, £97 million in family credit, £94 million in one parent benefit, £73 million in legal aid and £27 million for children in care.

Yet the enormous numbers revealed in these figures for 1988, gathered by One Plus One, the marriage and partnership research organisation, reflect far from extravagant settlements.

Divorce makes few spouses rich. For one thing, the courts have been encouraged away from keeping wives, or husbands for that matter, in the manner to which they might have become accustomed.

Even after maintenance and legal fees are taken into account, the true cost of divorce is far from clear, both to individuals and to society. It can be found in everything from mortgage arrears and repossessions to the health service and state benefits.

Duncan Dormor, of One Plus One, says there are major costs in the £1.4 billion estimate that have not been included because their full implications are impossible to calculate. These include health service costs, put at £100 million a year, and lost productivity and absenteeism in the workplace. Women seem to cope better than men by throwing themselves into their jobs.

One Plus One believes people need to be taught how to deal with work-related stress so that divorce is less likely.

"One of the things we're doing is launching a package for industry aimed at showing people how to avoid putting pressure on their families," said Mr Dormor.

In 1988 there were 153,000 divorces in England and Wales, a 1 per cent rise on the previous year. The figures have settled down after some legislative changes, which led first to a large rise in divorces and then a downturn as the bulge of would-be divorcees passed through the system.

There have been some key changes in recent years. The first was the Divorce Reform Act 1969, which introduced "irretrievable breakdown" as the solitary ground for divorce, removing the concepts of "guilty party" and "matrimonial offence".

Then came the Matrimonial and Family Proceedings Act 1984, which reduced the length of time one has to be married before one can file for divorce from three years to one.

That act no longer required courts to try to place divorced spouses in the financial position they would have enjoyed if the marriage had not broken down. Instead, greater emphasis was placed on the parties being made self-sufficient.

Some 55 per cent of couples who divorced in 1988 had children under 16, involving about 150,000 children. One-parent families caused by divorce are increasing at a faster rate than any other type of one-parent family.

State carries the burden of soaring divorce costs

The public purse now has to find more than £1 billion every year to pick up the pieces of broken homes. But even then, reports Marie Williamson, the stark figures represent just the tip of the iceberg.



Little left: John Ward, a former sales manager, now has to support his children Simon and Tammy from state benefits

Of the one million one-parent families caring for 1.6 million children in 1986, more than 40 per cent were divorced women and another 20 per cent separated. Lone fathers of whatever status only accounted for 10 per cent of the total.

Lone families have an income hovering at about 40 per cent of that enjoyed by two parents. In 1987, average one-parent gross income came to £126.53, against £345.14 for couples.

The difference is not hard to explain: there is only one potential breadwinner. Earnings, opportunity for overtime, promotion and career expectations are curtailed by child rearing. A large number of lone parents rely on state benefit: about 40 per cent of lone-parent income is funded this way. Only 6 per cent comes from maintenance.

Maintenance is an area in desperate need of change. In 1991 new legislation will come into force, simplifying maintenance applications and highlighting parental responsibility.

The government has stepped into the financial arena with its plans to ensure fathers pay maintenance by allowing that

money to be deducted directly from pay. A study of maintenance in magistrates courts published in 1982 found that 21 per cent of all orders were £50 or more in arrears. About 10 per cent were £2,000 or more in arrears.

The news was welcomed by the National Council for One-parent Families. But the organisation would also like to see maintenance disregarded where social security benefits are concerned.

The latest government moves were announced on July 18. They included an agency, with access to Inland Revenue data, set up to trace errant fathers, and new levels of maintenance payments.

Under this new scheme, based on an American model, fathers who leave their families would be made to pay at least 18.6 per cent of average earnings.

A white paper giving the changes in greater detail is expected in the autumn, as is the law commission's divorce review. A major topic in this document is expected to be a proposed formalising and extension of the role of conciliation in divorce.

Conciliation fulfils two vital functions, allowing some mar-

riages to be saved and reducing hostility between divorcing partners, which in turn benefits any children and is likely to increase the partners' adherence to any financial settlement.

The tax position on maintenance was changed by the 1988 Finance Act. Under the new rules a wife is not liable for tax on any maintenance received. Divorced or separated husbands who are paying maintenance can claim tax relief up to the level of the married couple's allowance which is currently £1,720 a year.

Payments made to a child count as the child's income and can be set against their own single person's allowance of £3,005.

A whole new set of problems can arise once the children have left home and become financially independent. Maintenance may be reduced, or even cease. A wife may have a limited pension. Quite often, where the husband has been the main breadwinner, the greater emphasis has been given to his pension arrangements.

Any potential state or company pension entitlements the wife has in her own right may have been reduced as a result of time taken

off work to raise children. Not enough emphasis is given to pensions in divorce settlements and this is not as simple as oversight. The way pension schemes are constructed severely limits what can be done. It is also seen to be in both parties' best interests to have a clean break.

A former husband could ask his scheme's trustees to make his ex-wife a beneficiary of any death-in-service benefit, but such a payment would normally be discretionary, which is unlikely to satisfy her lawyers when trying to work out a settlement.

The courts can look at future benefits that a wife might lose the right to in divorce, such as social security benefits accrued on her husband's contributions and pensions. But they have no power to make any order binding on pension scheme trustees.

If a husband contracts out of the State Earnings Related Pension Scheme using a personal pension, it must provide "protected rights" involving a pension for the scheme member and a half rate pension for his widow. A widow would not include a divorced wife but it might be possible to arrange

for a pension for an ex-wife if he has not remarried.

And if a husband has promised to pay either a lump sum or alimony when he starts receiving his pension a wife may be able to enforce payment under the Attachment of Earnings Act 1971, which applies to pensions as it does to wages.

The family home has also to be considered when costing divorce. A report on mortgage repayment difficulties from the Building Societies Association in the mid 1980s indicated that one-third of all arrears and repossession cases related to the breakdown of a relationship.

If anything, the problem has probably become worse, fuelled by high interest rates and a depressed property market, making it hard for divorcing spouses to sell their existing home. Even when the property is sold, the value of their individual shares in the joint home may not be enough to lift them back into the housing market.

According to the Skipton building society, 40 per cent of their arrears are due to the breakdown of marriages or relationships. There are several ways the problem may be dealt with, including a payment holiday and capitalisation of arrears, but in the case of marital breakdown the situation can be complicated because there may be two names on the mortgage deed but only one party has left the home.

The Skipton points to the Mortgage Assistance Bill, presented to parliament on July 10 by Harry Cohen, the Labour MP. This bill proposed that borrowers who were not judged to be wilfully in arrears should have the right to convert their mortgage to part ownership, with an option to re-buy at a future date.

A new power was also proposed which would allow the local authority or housing association to enter into the shared ownership agreement. The Skipton sees possible problems: a loss of lender income because no interest would be paid on the stake held by the lender and the possible decrease in value of the lender's stake due to depressed property values.

And the Skipton makes a useful point about joint life endowment policies. "In the event of a divorce it is not normal for this policy to be paid up to date and even though the policy could be amended into a single name, this rarely happens and the policy is often surrendered with financial loss," said David Chaston, assistant general manager (marketing).

"It could be that, in the future, lenders or advisers should talk about single life policies, maybe even for only half the debt each, and this seems to be more acceptable these days, now that we talk of interest-only mortgages without any form of life cover."

A Town and Country building society survey indicated a third of divorced and separated people felt that not enough was being done by societies. More than 90 per cent of the survey sample felt it would be helpful to have financial advice from a building society or bank in the event of divorce.

The Town and Country is now planning to launch its own scheme which will offer a moratorium of payments that could be used in the event of divorce.

SUMMARY

Claims mount on ICS

THE Investors Compensation Scheme is facing its biggest claim after the collapse of Dunsdale Securities. The scheme has paid out £3.6 million in the two years since it was established. But the Dunsdale claims alone could reach £17 million. Page 50

Business first



John Ruffin, chairman of British Land, is as well-groomed as they come, but when it comes to business, social airs take second place, as Carol Leppard found out. Page 51

Share out

Nationwide Anglia, Britain's second largest society, has unveiled plans for a new type of interest-bearing share. But it will be next summer at the earliest before they are on sale in branches. Page 50

SIB on guard

David Walker, chairman of the Securities and Investments Board, speaks out in the name of investor protection, and warns unauthorised investment advisers that their days are numbered. Page 50

Water trickles

Nearly half the 1.3 million water shareholders have yet to pay the second instalment on shares. If cheques do not reach registrars by 3pm on Tuesday, investors will lose the right to their holding. Page 48

Foreign loans

Foreign currency mortgages have surprised critics by becoming one of the success stories of 1990. Currency swings and lower interest rates have been good news for borrowers. Page 47

Your views

Were looking into it. MOLE VALLEY DISTRICT COUNCIL. GED



The founder of Castlegate Securities, the Reading investment firm, complains that lack of regulation has left him out in the cold. Other Weekend Money readers tackle the problem of junk mail. Page 49

Rising stars

Unit trusts that invest in Europe and the Far East are all the rage with investors. But by the turn of the century some of the world's remotest regions may have star billing. Page 46

Trust success

Investment trusts have performed better than shares, unit trusts and building societies, but few investors have heard of them. In a four-page special report, we look at the advantages of investing in the trusts, consider the growth of regular savings plans, and show how lack of advertising remains a stumbling block. Lesley Renwick, of the Association of Investment Trust Companies, gives her views on why the trusts are a good buy, and three independent experts look at the advantages and disadvantages of purchasing investment trust shares. Page 42

D 2

Reality of life after marriage

WHEN Sheila Francis, aged 55, took her first husband back to court for increased maintenance, she initially found herself worse off because of legal fees.

"I wouldn't have had anything if the solicitor hadn't waived his money," she says.

Mrs Francis was receiving £200 a month in child maintenance, but last year she went back to court to have this increased to £300.

"That was in August. I got the increase and the money was backdated to January. That gave me £700 but then I had a bill from the barrister for £350 and another from the solicitor for £350. I think the present system is grossly unfair to the care-giver and the division of any money is weighted heavily in favour of men."

She has six children by her first marriage. The eldest is 31 and only her 14-year-old daughter now lives at home.

"I couldn't find work to fit in with her school hours. When things were really bad I used to wake up in a panic about money. It was as if I was being punished."

Her second marriage also ended in divorce. The only maintenance she receives is for her daughter, but her circumstances have improved recently.

"I'm now studying art and history at college. The times fit in with my daughter's school hours and I get a grant. My income has jumped to £7,000 a year."

Mrs Francis does own her own home, a cottage near Esher in Surrey. She was left some money when her parents died in 1974, but most of this money was held jointly with her husband and tied up in the family home, which was sold and the proceeds split.

She feels that she was not given enough advice regarding her inheritance when she divorced. What money she had is almost gone, "but at least that means if I have to go back to court, I will qualify for legal aid now".

John Ward used to be a regional



Unfair: Sheila Francis found the system weighted in favour of men

sales manager with a chemical company. Now he lives on state benefit and sings with a dance band in a Leeds night club once a week.

"What I get from the state comes to just over £50 a week. The singing is really just a chance to get out of the house."

"Once I've paid a babysitter and my travel costs, there's very little left."

Mr Ward has two children by his marriage which ended in 1985, a boy, aged 9, and a girl, aged 7, who both live with him. He also has a six-year-old son by a relationship after his marriage collapsed.

"His mother got custody, which is more typical and the other two live with me, so I can see the problem from both sides."

Mr Ward's lifestyle has changed considerably. He lives in a three-

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Senma's victory

Degee results

INDEX